Corporate Governance Report

KURITA WATER INDUSTRIES LTD

Last Update: May 17, 2023

Kurita Water Industries Ltd.
President and Representative Director: Hirohiko Ejiri
Contact: General Affairs and Risk Management Department,
Corporate Control and Administration Division
+81-3-6743-5068
Securities Code: 6370
https://www.kurita.co.jp/english/

The corporate governance of Kurita Water Industries Ltd. is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views Updated

Kurita Water Industries Ltd. and its consolidated subsidiaries (hereinafter the "Kurita Group," and Kurita Water Industries Ltd. on a non-consolidated basis shall be hereinafter referred to as the "Company") aim to contribute broadly to society through corporate activities in the fields of water and environment in accordance with the Kurita corporate philosophy, "Study the properties of water, master them, and we will create an environment in which nature and humanity are in harmony." The Kurita Group will make efforts to promote sustainable growth and enhance its corporate value in the medium and long term, deferring to the rights and position of various stakeholders such as customers, business partners, employees, shareholders, and local communities while striving to meet their expectations. To this end, the Kurita Group will establish corporate governance, with the aim of realizing transparent, fair, prompt, and decisive decision-making measures and highly effective management supervision.

[Basic Policies]
(1) Ensuring the rights and equality of shareholders
The Kurita Group will work to develop an environment in which the shareholders are able to appropriately exercise their rights, such as voting rights at a general meeting of shareholders, and provide the information needed to exercise of their rights in a timely and accurate manner in order to secure the substantive equality of the rights of shareholders, including minority and foreign shareholders.

(2) Appropriate level of cooperation with stakeholders other than shareholders
The Kurita Group will work to ensure an appropriate level of cooperation with stakeholders such as customers, business partners, employees, and local communities under the leadership of the Board of Directors. To achieve this aim, the Kurita Group will properly respond to issues related to sustainability(medium- to long-term sustainability including ESG factors), and make actions based on compliance with laws, regulations, and social ethics a prerequisite for all corporate activities.

(3) Ensuring appropriate information disclosure and transparency of information
The Kurita Group will develop an environment in which the Audit & Supervisory Board, the members of the Audit & Supervisory Board, and the accounting auditor are able to conduct audits properly. It will also disclose information in accordance with the laws related to information disclosure, such as the Companies Act and the Financial Instruments and Exchange Act, and regulations for the timely disclosure of corporate information established by the Tokyo Stock Exchange. The Kurita Group will actively and fairly disclose information that

is deemed to be effective for facilitating understanding of the Kurita Group among shareholders and investors. This information will comprise financial information including financial conditions and results of operations, management strategies including risks, corporate governance and matters related to social and environmental issues, and other issues surrounding sustainability, and policies for capital efficiency.

(4) Duties of the Board of Directors and the Audit & Supervisory Board, etc.
The Board of Directors will fulfill its fiduciary responsibility and accountability to shareholders. It will strengthen the orientation of corporate strategies, decision-making on important matters related to operational execution, the supervision of overall management, the internal controls and risk management measures that support appropriate risk-taking, etc. in order to enhance the corporate value and earnings power, as well as improve capital efficiency, etc.
The members of the Audit & Supervisory Board and the Audit & Supervisory Board will fulfill their fiduciary responsibility to shareholders. Also, they will conduct audits in an appropriate manner and express their opinions from an independent and objective standpoint.

(5) Dialogue with shareholders and investors
Continuing to emphasize management that values shareholders, the Kurita Group will make efforts to engage in constructive dialogues with shareholders and investors, as well as provide them with information in a timely and appropriate manner.

The Company's Corporate Governance Policies are posted on our website:
https://ir.kurita.co.jp/en/corporate_governance/governance_policies/index.html

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with all the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] **Updated**

[Supplementary Principle 1.2.4 Participation in Electronic Voting Platform]
In light of its shareholder composition, etc., the Company introduced the Electronic Voting Platform for institutional investors at the time of the general shareholder meeting in 2006 and notifies shareholders to this effect in the convocation notice.

[Supplementary Principle 1.2.5 Exercise of rights by institutional investors at general shareholder meetings]
Where institutional investors who hold shares in the name of a trust bank or custodial institutions express an interest in attending the general shareholder meeting, the Company confirms the fact that such institutional investors hold shares and arranges for their observation of the meeting.

[Principle 1.4 Policies regarding shares owned for policy purposes and the exercise of voting rights]
(1) Policy regarding shares owned for policy purposes
In some cases, the Company holds listed shares as shares owned for policy purposes to strengthen business relationships, etc. When holding such shares, the Company makes efforts to minimize the risk of holding shares owned for policy purposes by examining economic rationality in the medium and long term and relationships with companies whose shares the Company holds. The propriety of holding each individual stock owned for policy purposes is reviewed on a regular or timely basis at the Board of Directors by closely examining the expected return against the cost of capital and the status of business transactions with the company whose shares the Company holds. Based on the results of the examination, the Company strives to reduce the holding of shares owned for policy purposes.

(2) Policy for exercising the voting rights of shares owned for policy purposes
When exercising the voting rights of shares owned for policy purposes, the Company will do so by judging the pros and cons of each proposal, taking into comprehensive consideration whether it will contribute to medium- and long-term enhancement of the corporate value of the Company and a company in which the Company holds shares.

(3) Policy for responding to the intention to sell, etc. of the Company's shares indicated by a shareholder owning shares for policy purposes (Note 1)
If a shareholder owning shares for policy purposes indicates its intention to sell, etc. the Company's shares, the Company will not prevent the shareholder from making such sale, etc.

Note 1: The term "shareholder owning shares for policy purposes" means a shareholder who owns the Company's shares for policy purposes.

(4) Policy for transactions with shareholders owning shares for policy purposes
The Company will not conduct transactions with any shareholder owning shares for policy purposes if such transactions are detrimental to the Company itself and common interests of its shareholders.
⇒ In accordance with the above policies, the Company reviewed shares owned for policy purposes, and as a result, sold three holdings (including ones sold partially) in the fiscal year ended March 31, 2023.

[Principle 1.7 Related Party Transactions (Note 2)]
When conducting an important transaction (Note 3) with a related party, the Company's Board of Directors will review and decide on the transaction in advance to ensure that the transaction does not harm the interests of the Kurita Group and the common interests of its shareholders. The details of the submission standards, etc. shall be set forth in the Board of Directors Regulations, and the standards shall be disclosed.

Note 2: The term "Related Party Transactions" means transactions between the Company and following persons.
(a) An officer of the Company and its close relative, (b) a shareholder who holds 10% or more of the voting rights of the Company and its close relative, (c) an important officer of a subsidiary and its close relative, (d) a subsidiary of the Company (excluding wholly owned subsidiaries) and its affiliate, and (e) a company in which a party mentioned in (a) through (d) above holds the majority of the voting rights for its own account and its subsidiary.

Note 3: The term "important transaction" means the transactions listed below.
(a) Transaction exceeding 10% of the net sales or the sum of the cost of sales and selling, general and administrative expenses on a consolidated statement of income, (b) transaction related to profit or loss exceeding 10% of other income, other expense, finance income, or finance costs on a consolidated statement of income, (c) transaction exceeding 1% of the total assets on consolidated balance sheet, (d) transaction in which the balance, the total amount of transactions generated, or the average balance for the period of the loan of funds or the purchase or sale of tangible fixed assets or securities, etc. exceeds 1% of total assets on a consolidated balance sheet, (e) in the case of the transfer or acquisition of business, the total amount of assets or liability subject to the transfer or acquisition, whichever amount is greater, exceeds 1% of the total assets on a consolidated balance sheet, (f) in the event the related party is an individual, the transaction of an item on a consolidated statement of income or a consolidated balance sheet that exceeds 10 million yen, and (g) other transactions which are judged to need to be submitted to the Board of Directors for discussion, in light of their characteristics.

[Supplementary Principle 2.4.1 Approach to human resources diversity and policy for responding to human resources diversity]
Based on the concept that human resources diversity is the foundation for generating innovation as well as a source for creating unique value linked to sustained growth, the Kurita Group, in its efforts to secure diversity, established as its human resources policy a basic approach to human resources. This approach ensures that those with diverse experience, skills and qualities can be active, leveraging their expertise. At the same time, the Group will determine the direction for human resources utilization and organizational support in its human resources policy in order to nurture talent and improve the internal environment, and will disclose the progress of the relevant initiatives. Moreover, the Group will endeavor to ensure diversity in the appointment, etc. of core human resources, clarify its approach and voluntary and measurable targets, while disclosing the status of relevant initiatives.

<Approach to human resources diversity>
The Kurita Group aims to provide value to customers and society through innovative achievements made by its human resources with diverse backgrounds -- including gender, nationality, age, presence or absence of disabilities, how they joined the company, work style (employment status and working arrangements), and experience -- by taking advantage of each other's experience, knowledge, skills, and other qualities, toward realizing the Corporate Philosophy. The Kurita Group is also proactive in ensuring the diversity of its management and employees in management positions (and their equivalents) as its core human resources.

<Voluntary and measurable targets on diversity and the current level of diversity>
(1) Promotion of women to management positions, etc.
The Company has developed its action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. Under this plan, the Company is taking the following initiatives.
(a) Career planning support for women in career track positions
(b) Increase the ratio of female recruits
(c) Expand the roles of female employees
(d) Support career development through the self-reporting system
For targets and results for past fiscal years, please refer to the attachments at the end of this report. As of December 2022, the number of women in management positions at the Company is 13 (4.1% of all employees in management positions). In addition, the Company positions specialists, management assistants, and special experts under the specialist system as “equivalent to employees in management” including employees in management positions, and they are working actively as core human resources. As of September 2021, the number of women who are equivalent to employees in management positions is 26. Because of its initiatives to promote women to core human resources, the Company has been selected as a constituent of the MSCI Japan Empowering Women Index (WIN) since 2017.

(2) Promotion of non-Japanese employees to management positions, etc.
The Kurita Group strives to establish a system for operating globally by adopting ways of thinking of diverse countries and regions through the following initiatives.
(a) Have the Company's headquarters organizations (organization other than the Japan Sales Business Division) work together with overseas Kurita Group companies
(b) Promote locally recruited employees to the senior management of overseas Kurita Group companies
Accordingly, the Company is promoting globally competitive human resources including non-Japanese (such as non-Japanese employees, those who have experienced living and working overseas for three years or longer, those who have experienced overseas businesses for three years or longer, and those who can use English for work) to positions equivalent to management positions at headquarters organizations.

The Company recruits several non-Japanese employees every year. As of December 2022, it has 19 such employees, three of whom are working actively in positions equivalent to management positions. In addition, the ratio of globally competitive human resources to those equivalent to employees in management positions at headquarters organizations is 32% as of December 2022, and the Company will increase this ratio further.

The Company has not set any long-term target for the recruitment and promotion of non-Japanese employees. However, it will continue to recruit globally competitive human resources and promote them to core human resources proactively as it expands its businesses globally.

(3) Promotion of mid-career recruits to management positions, etc.
The Company recruits around 10 to 20 mid-career employees every year (equivalent to 10% to 30% of new recruits in each year), expecting them to contribute immediately to its business expansion.. As of December 2022, 82 of those who joined the Company as mid-career recruits have been promoted to positions equivalent to management positions (constituting 12.5% of all employees in such positions). The company plans to increase the ratio of mid-career recruits to all employees, which is approx. 10% at present, to around 30% by the fiscal year ending March 31, 2031. Thus, the Company will continue to recruit such human resources and promote them to core human resources proactively.

(4) Other matters

The Kurita Group has developed its Value Creation Story (Note 4), which provides a roadmap for growing together with society sustainably over the long term. It believes that engineers in technology fields (Note 5) supporting Kurita and business human resources promoting DX (Note 6) are important for achieving this. The Human Resources Development Committee will enhance measures to secure, train, and utilize engineers in technology fields supporting Kurita and the DX Committee will take the same initiatives for business human resources promoting DX.

<Policies for human resource development and improving the internal environment for ensuring diversity, and their status>
As a human resource development policy based on the above human resources policy, the Company takes initiatives with a focus on the following two points.

(1) Continue to strengthen development and utilization of engineers in technology fields supporting Kurita and secure and develop business human resources promoting DX in the coming several years, thus promoting creation of new value

⇒ Engineers in technology fields supporting Kurita are developed in a carefully planned manner by the Company's subcommittee of specialized engineers under the engineer development plan it has formulated. Development of business human resources promoting DX is strengthened, such as by creating opportunities to learn AI and data science, based on the results of assessments of the Company's employees about their digital innovator quality and the skills and needs of organizations.

(2) Position the active participation of human resources with a high degree of expertise, in addition to the cohesion of human resources, as core strengths and develop a system that will facilitate both of them.

⇒ The Human Resources Development Committee is systematically organizing the Company's training and development programs, enhancing programs for developing human resources with a high level of expertise, and taking other steps to rebuild the training and development system.

In addition, as its policy for improving the internal environment, the Company takes initiatives with a focus on the following two points.

(1) Foster an organizational culture with Diversity & Inclusion (Note 7) instilled in it and a high level of engagement (Note 8), so as to create value that contributes to customers and society

⇒ The Company is pursuing initiatives to take advantage of diversity, including training for taking advantage of the diversity of an organization (for managers), human rights training for instilling an understanding of diversity, including sexual minorities, training related to the development of a corporate culture that takes advantage of diversity, and understanding and exploration of diversity through workplace discussion. In addition, the Company is making use of work from home and remote work, helping employees balance work and life events such as childcare and nursing care, and taking other steps to build an environment where diverse employees can work comfortably. Further, initiatives to build an organization with a high level of engagement are taken on a group-wide basis by instilling an understanding of the Value Creation Story to encourage employees to support the Corporate Philosophy and by implementing a PDCA cycle based on regular engagement surveys.

(2) Build a system for providing value globally in accordance with characteristics of each region

⇒ The Company aims to provide value that is suitable for the characteristics of customers and society in each of the countries and regions in which it operates, including Japan. In particular, in countries other than Japan, the Company is fostering locally recruited employees in each area and promoting them to senior management in accordance with the situation of each overseas Kurita Group company. In addition, diverse human resources from all over the world participate in multiple Group-wide projects. Thus, the globalization of human resources is also promoted through creation of new value.

Note 4: It provides a roadmap for the Kurita Group to achieve sustainable growth with society by creating corporate value over the long term to achieve the Corporate Philosophy. Please refer to the Company's Integrated Report.
https://ir.kurita.co.jp/en/reports/annual_report/index.html

Note 5: It refers to approx. 30 technology fields indicated in the map of the Group’s engineers.

Note 6: They are digital specialists of the Company who create new business models and value using digital technologies.

Note 7: The Company is fostering a corporate culture and taking other actions based on Our Vision for Diversity & Inclusion, "The corporate group that continues to create unique value through interaction among diverse people who care about water and the environment and who accept each other's differences," which was set to enhance the Company's measures to improve the Kurita Group's competitiveness by taking advantage of diversity, including the promotion of women's empowerment.

Note 8: It refers to the bonds between employees and company/organization and between employees and work. It is believed that if these bonds are strong, employees work with enthusiasm and motivation and contribute to their company or organization, on a voluntary basis.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company does not adopt the fund-type and contract-type defined benefit corporate pension plan and the employees' pension fund so that it does not fall under the relevant general principles.

The Company has adopted a corporate-type defined contribution pension plan, which is operated by employees on their own. The Company provides training and information about the plan to employees on a regular basis, in addition to providing an explanation on it when they join the Company.

[Principle 3.1 Full Disclosure]

Regarding (1) Company objectives (e.g. business principles), business strategies and business plans and (2) Basic views and guidelines on corporate governance based on each of the principles of the Code, please refer to 1. Basic Views under I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information of this report.

(3) Policies and procedures for determining the remuneration of the Directors and the members of the Audit & Supervisory Board

(a) Policy for determining the remuneration of the Directors and the members of the Audit & Supervisory Board

The remuneration system for the Directors (excluding the External Directors) consists of fixed remuneration as the basic remuneration and incentive remuneration that reflects performance. The remuneration system for External Directors with supervising functions and members of the Audit & Supervisory Board is a fixed remuneration plan. The fixed remuneration is a fixed amount by position for the Directors and by working form for the members of the Audit & Supervisory Board, and a portion thereof is appropriated for the Directors' and Audit & Supervisory Board members' Shareholding Scheme for the purchase of the Company's shares so that the Directors and members of the Audit & Supervisory Board share the risks of share price fluctuations with shareholders. The incentive remuneration consists of short-term incentive remuneration, which increases or decreases depending on factors such as the level of attainment of the annual business plan or the evaluation of each individual's performance of his or her duties, and long-term incentive remuneration, whereby shares are issued to retiring directors according to their performance while in office and their title. The incentive remuneration is intended to serve as an incentive to Directors (excluding External Directors) to continuously improve the Kurita Group's business results for the enhancement of the corporate value.

(b) Procedures for deciding the remuneration of the Directors and the members of the Audit & Supervisory Board

When making a proposal regarding the remuneration system and the remuneration level of the Directors (excluding External Directors) and the members of the Audit & Supervisory Board and the performance evaluation of the Directors to the Board of Directors, the chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Based on the report given by the Nomination and Remuneration Advisory Council, the Board of Directors will decide the remuneration of the Directors within the total amount determined by a General Meeting of Shareholders. The allocation of remuneration to each member of the Audit & Supervisory Board shall be decided through consensus of the Audit & Supervisory Board.

(4) Policies and procedures for nominating candidates for directors and members of the Audit & Supervisory Board and for replacing the president and director, directors with positions of responsibility and representative directors

(a) Policy for nominating candidates for directors and members of the Audit & Supervisory Board and for replacing the president and director, directors with positions of responsibility and representative directors

The Board of Directors will nominate candidates for directors in accordance with the "Size and makeup of the Board of Directors" in (12) and, by giving consideration to sustained growth, etc. of the Kurita Group, will review the management structure at least once a year and determine the president and director, directors with positions of responsibility and representative directors. The Board of Directors will also nominate candidates for the members of the Audit & Supervisory Board in such a way that the number of the members will be three or more, one or more of which will be a member who is specialized in finance, accounting and legal affairs.

(b) Procedures for nominating candidates for directors and members of the Audit & Supervisory Board and for replacing the president and director, directors with positions of responsibility and representative directors

When making a proposal of candidates for directors, the president and director, directors with positions of responsibility, and representative directors as well as members of the Audit & Supervisory Board, the chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Based on the report given by the Nomination and Remuneration Advisory Council, the Board of Directors will submit a proposal for recommending the candidates for directors and members of the Audit & Supervisory Board to the Board of Directors by stating the reason for recommendation. After deliberating the proposal, the Board of Directors will nominate the candidates for directors and members of the Audit & Supervisory Board and determine the president and director, directors with positions of responsibility and representative directors. When submitting a proposal for recommending the candidates for the members of the Audit & Supervisory Board to the Board of Directors, the consent of the Audit & Supervisory Board shall be obtained in advance.

(5) Explanations with respect to the appointment and nomination of directors and members of the Audit & Supervisory Board

In 2016, the Company began to disclose explanations with respect to the individual appointments and nominations in the notice of convocation of the Ordinary General Meeting of Shareholders.

[Supplementary Principle 3.1.2 Provision of information in English]

From the perspective of fair information disclosure to investors, the Company strives to provide English versions of the notice of convocation of a general shareholder meeting, materials including presentation materials used in financial results briefings, integrated reports, and sustainability reports, as well as summaries of questions and answers used in financial results briefings. The Company is listed among companies with excellent English disclosure in the Results of the Survey of Overseas Investors on English Disclosure by Japanese Companies, which was announced by the Tokyo Stock Exchange, on August 30, 2021. The Company was highly evaluated in terms of ESG topics and data disclosure.

[Supplementary Principle 3.1.3 Initiatives for sustainability, etc.]

(1) Sustainability actions

Recognizing that addressing sustainability issues and other matters related to social and environmental issues contributes to the realization of the Corporate Philosophy and the improvement of corporate value of the Kurita Group over the medium to long term, the Group will enhance the framework for promoting sustainability initiatives by appropriately incorporating them into management strategies. Moreover, through information disclosure in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) and other international criteria for information disclosure, the Kurita Group will work to hold dialogues with stakeholders.

The Kurita Group defines its CSR as "the Kurita Group's responsibility for its impacts on society" and has positioned it at the core of its corporate activities and management strategies, thus taking initiatives to create business opportunities and enhance its capability of handling risks. To execute the initiatives, the Kurita Group considered materiality in CSR with the two axes of stakeholders' expectations of the Kurita Group and the Kurita Group's impact on society and specified the following seven themes as important sustainability-related themes in the aspects of issues to be the basis of management and business activities and growth opportunities

for achieving the Corporate Philosophy. (a) Provide highly safe services and products, (b) Conduct fair business activities, (c) Respect human rights, (d) Solve issues related to water resources, (e) Realize sustainable energy use, (f) Reduce waste, and (g) Advance industrial production technologies. These themes are specified as priority themes of the CSR Policy. Individual activities under each theme of the CSR Policy are integrated and promoted by the E&S (Environmental & Social) Committee, which is chaired by the Company's managing director. This committee checks the progress regarding unified Group medium-term targets and key performance indicators, identifies issues, and makes improvements. Further, responsible managers who are directors or executive officers of the Company are appointed for individual activities, and the Company's Board of Directors determines activity plans and evaluates activity results.

For three environmental themes under the CSR Policy, that is, solving issues related to water resources, realizing sustainable energy use, and reducing waste, a target was set for each of them as the "amount of the reduction in environmental impact of customers - the amount of the Kurita Group's own environmental impact," a unique indicator, so that the reduction in the environmental impact achieved as a consequence of the Group's business will offset and exceed the environmental impact of the business itself. Thus, the Kurita Group not only works to reduce its water and energy consumption and reduce waste generated internally but also strives to reduce the environmental impact of customers by using products and services related to water and the environment, which have been cultivated by the Kurita Group over many years.

In addition, the Kurita Group views climate change as an urgent issue to be addressed globally. Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), it has established a system under which the Board of Directors supervises the overall initiatives taken by the Kurita Group to address climate change. At the same time, the E&S Committee analyzes the risks and opportunities associated with climate change and its impact on business strategies and sets and discloses medium- and long-term targets and measures, including targets for the reduction of greenhouse gas emissions.

Details of the disclosed contents are available at the Company's website. Please refer to the following.
- Overall CSR initiatives https://www.kurita.co.jp/english/csr/management/index.html
- Initiatives to address climate change https://www.kurita.co.jp/english/csr/tcfd/index.html
- Sustainability Report https://www.kurita.co.jp/english/csr/download/index.html
- Integrated Report https://ir.kurita.co.jp/en/reports/annual_report/index.html

(2) Investment in human capital
The Kurita Group views its human resources as the foundations underpinning its sustainable growth. To enhance customer intimacy as the Group's strength, each employee needs to be a human resource with a high level of expertise and commit themselves to solving customers' issues. Therefore, the Kurita Group works to secure and develop human resources and succeed technologies related to water that it has cultivated over many years. At the same time, it is building an environment in which each one of its employees can fully demonstrate their capabilities and aptitude and create an organizational culture that permits diverse human resources to work actively. The following four initiatives are introduced as examples at the Company's website. Please refer to them.
https://www.kurita.co.jp/english/csr/csr_activity_human/index.html
(a) Training of specialized engineers
(b) Enhancing capabilities through training
(c) Knowledge and skill acquisition through the mentoring program
(d) Providing opportunities to increase self-development

(3) Investment in intellectual property
To expand its business and improve profitability by making maximum use of its intellectual property, the Kurita Group engages in intellectual property activities under a basic approach it has specified and under its policies for intellectual property activities, which it has established for the purpose of facilitating the appropriate acquisition, protection, and utilization of intellectual property and respecting the property of other companies. As investments in intellectual property, the Group makes investments aimed at increasing the number of patents applications filed overseas in response to the expansion of global operation and investments for reinforcing the protection of patents covering the solution business, which is vital to the development of total solutions approach as the Company's focus and which contributes to solving issues related to water and the environment faced by society and customers. As for solution models, which cover products, technologies,

services, and contract methods and which can be applied horizontally, the Company strives to improve its competitiveness by clearly identifying the source of each solution's competitiveness to be protected by the patent in the model development stage and by building a patent network that covers both element technologies and business models. In the fiscal year ended March 31, 2021, the Kurita Group added a further seven solution models to its portfolio of protected intellectual property (IP) assets and started efforts to establish common Group rules for protecting the Group's IP rights and for preventing infringement of rights held by other companies in various countries and regions where the Group operates.
The Group's R&D activities and use of intellectual property other than the above are introduced in the Company's Integrated Report. Please refer to them.
https://ir.kurita.co.jp/en/reports/annual_report/index.html

[Supplementary Principle 3.2.1 Selection and evaluation of an external accounting auditor]
(1) Policy for a nominating the accounting auditor
The Audit & Supervisory Board will nominate a candidate for the accounting auditor by establishing the criteria for nominating, dismissing, and refusing to reappoint the accounting auditor of the Company. These criteria are meant to ensure the independence and expertise of the accounting auditor so that it may conduct audits properly, and thereby enable the Kurita Group to earn the confidence of its shareholders and society and fulfill its social responsibility as a company.

(2) Standards for selecting a candidate for the accounting auditor and evaluating the accounting auditor
When selecting a candidate for the accounting auditor, the Audit & Supervisory Board will make a judgment on the nomination, dismissal, and refusal to reappoint the accounting auditor of the Company by obtaining the necessary information, receiving a report from the Directors and related divisions inside the Company, and making a comprehensive assessment of the following items based on the evaluation standards set forth in the Audit Standards of the Audit & Supervisory Board:
a) Independence, b) Quality control, c) Auditing capabilities, d) Audit plan, e) Implementation system, and f) Audit costs

[Supplementary Principle 4.1.1 The scope of judgments and decisions made by the Board of Directors and the scope of responsibility delegated to the senior management(Note 9)**]**
The Board of Directors will make decisions on important matters related to operational execution, such as matters related to the management strategies and policies set forth in the Board of Directors Regulations, the strategies, targets, and focused measures for management plans, important investments and loans, and business transfers, etc. With regard to operational execution other than important matters, the Executive Committee consisting of the senior management or senior management, etc. with the decision-making authority specified in the Internal Decision Approval and Review Rules will rapidly make decisions on matters related to operational execution, striving to achieve the objectives of the business plans.

Note 9: The term "senior management" means the directors with positions of responsibility and persons appointed by the president.

[Supplementary Principle 4.1.3 Development of successor and succession plan]
(1) Approach to roles, authority and composition of Nomination and Remuneration Advisory Council and Successor Planning Committee
In determining the remuneration of Directors and Audit & Supervisory Board Members and nominating candidates for Directors and Audit & Supervisory Board Members, the Company establishes the Nomination and Remuneration Advisory Council in order to improve the objectivity of judgment and the transparency of the process, and also establishes the Successor Planning Committee in order to select candidates for succeeding the President and Directors and formulate success or developing measures. Members for both the committee and council will be selected from among Directors and Audit & Supervisory Board Members by resolution of the Board of Directors, and a majority of the members shall be independent External Directors and External Audit & Supervisory Board Members.

(2) Plan of succession

The President and Director will consult the Nomination and Remuneration Advisory Council about the requirements for the successor to the President and Director and for the Directors. The Board of Directors will deliberate and decide the requirements by taking into consideration the aims of the Company and its specific management strategies. The Successor Planning Committee consisting mainly of external officers regularly conducts reviews on the selection of a candidate for successor to the President and Director and on developing successor planning measures. The results of the review will be confirmed at the Board of Directors.

[Principle 4.8 Policy for the effective use of independent External Directors]
The Company's Board of Directors currently consists of ten (10) directors, with six (6) internal directors and four (4) external directors (with the ratio of independent external directors at 40%). It provides strategic direction that contributes to the Kurita Group's sustainable growth, makes decisions on important matters related to operational execution based on the direction, and exercises supervisory functions over the execution of duties by the directors and overall management. With respect to the number of independent external directors, the Company, as a company listed on the Prime Market, will continue to consider appointing a sufficient number of such directors by taking a comprehensive perspective based on the operating environment and the skills matrix.

[Supplementary Principle 4.8.1 Exchanging information and developing shared understanding with independent External Directors]
The Directors and the members of the Audit & Supervisory Board shall mutually exchange information with independent External Directors and promote the shared understanding of the execution of operations, using opportunities such as the Board of Directors and other individual meetings. The exchange of information and shared understanding will enable independent External Directors to fulfill their roles and responsibilities. If necessary, independent External Directors may instruct certain employees who belong to the Corporate Planning and Management Office to assist the Directors with their duties. In addition, to strengthen the management supervision function, a meeting of independent External Directors and the members of the Audit & Supervisory Board is held as necessary to exchange information and share issues.

[Supplementary Principle 4.8.2 Establishment of a framework for communication and coordination with independent External Directors and the management and cooperation with the members of the Audit & Supervisory Board or the Audit & Supervisory Board]
The Company has not appointed the lead independent director. As described above, however, the Company has built and operates a framework that permits cooperation by independent External Directors, the management, the members of the Audit & Supervisory Board, and the accounting auditor. In addition, the Nomination and Remuneration Advisory Council and the Successor Planning Committee are chaired by an independent External Director.

[Supplementary Principle 4.8.3 Listed company with a controlling shareholder]
This code is not applicable because the Company does not have a controlling shareholder.

[Principle 4.9 Roles and duties of independent external directors and criteria for judging the independence of independent external directors]
The independent external directors shall evaluate the results of the business activities of the Kurita Group and the execution of operations by the directors and the executive officers, taking into consideration the corporate philosophy, the corporate vision, the medium-term management plan, and the management plan for a fiscal year. They shall express their opinions to the Board of Directors from the standpoint of promoting the sustainable growth of the Kurita Group and enhancing its corporate value in the medium and long term.

The independent external directors shall express their opinions to the Board of Directors from an independent position and the standpoint of supervising management with regard to the nomination of the candidates for directors, the remuneration of the directors, and other important decisions made by the Board of Directors.

The criteria for judging the independence of the independent external directors in selecting candidates shall be that the candidates for independent external directors and their close relatives (Note 10) must not fall under any of the following items.

a. A person who currently executes the operations of the Company or its subsidiary, or has executed such operations in the past 10 years
b. A person whose major business partner is currently the Company (Note 11) or was the Company at some time during the past year, or an individual who executes the operations of this party
c. A current major business partner of the Company (Note 12) or a major business partner at some time during the past year, or a person who executes the operations of the major business partner
d. A consultant, an accountant, or a legal professional who currently receives or has received at some point during the past year a lot of money or property (Note 13) other than remuneration for officers from the Company
e. A current major shareholder of the Company (Note 14) or a person who executes the operations of a major shareholder
f. A person who executes the operations of an organization in which an external officer also currently assumes office (the person only)
g. A person who executes the operations of an organization to which the Company currently makes a donation (the person only)

Note 10: The term "close relatives" means relatives within the second degree of kinship.
Note 11: The term "person whose major business partner is the Company" means a person whose sales in transactions with the Company make up 2% or more of that person's consolidated net sales.
Note 12: The term "major business partner of the Company" means a business partner with whom the Company's sales in transactions make up 2% or more of the consolidated net sales of the Company, or a business partner from which borrowings make up 1% or more of the consolidated total assets of the Company.
Note 13: The term "a lot of money or property" means money and other property that are equivalent to 10 million yen or more per year, other than remuneration for officers.
Note 14: The term "major shareholder of the Company" means a shareholder who has voting rights that account for 10% or more of the voting rights of the Company.

[Supplementary Principle 4.10.1 Approach to roles, authority and composition of Nomination and Remuneration Advisory Council and Successor Planning Committee]
In determining the remuneration of Directors and Audit & Supervisory Board Members and nominating candidates for Directors and Audit & Supervisory Board Members, the Company establishes the Nomination and Remuneration Advisory Council in order to improve the objectivity of judgment and the transparency of the process, and also establishes the Successor Planning Committee in order to select candidates for succeeding the President and Directors and formulate successor developing measures. Members for both the committee and council will be selected from among Directors and Audit & Supervisory Board Members by resolution of the Board of Directors, and a majority of the members shall be independent External Directors and External Audit & Supervisory Board Members.

[Supplementary Principle 4.11.1 Size and makeup of the Board of Directors]
(1) Personnel structure
To fulfill the highly effective supervisory function over operational execution, the Board of Directors will consist of personnel with the necessary knowledge, experience and competence, taking into consideration gender and diversity. With regard to this knowledge, experience and competence, the Company will identify skills regarding corporate management, management planning and other aspects of corporate governance management, skills required to realize the direction sought by the Kurita Group of creating social value by leveraging diversity and water knowledge, and necessary skills, etc. for realizing the Corporate Philosophy. The Board of Directors as a whole will be organized in a way that complements the above.
For the skills matrix, please refer to the attachments at the end of this report.

(2) Number of directors

There shall be three or more directors in total. No less than one-third of these Directors shall be External Directors to ensure the independence and objectivity of the Board of Directors.

[Supplementary Principle 4.11.2 Restrictions on concurrent service of directors and members of the Audit & Supervisory Board]

Full-time directors and full-time members of the Audit & Supervisory Board shall not serve concurrently as a director or a corporate auditor of some other listed company, etc. Part-time independent external directors and independent members of the Audit & Supervisory Board shall not serve concurrently as a director or a corporate auditor at more than three listed companies including the Company. The Company discloses the concurrent service status of the directors and the members of the Audit & Supervisory Board every year.

[Supplementary Principle 4.11.3 Policies for evaluating the Board of Directors]

(1) Purpose and frequency of evaluation

The Board of Directors will analyze and evaluate its effectiveness every year in order to fulfill its expected roles and functions more effectively.

(2) Method and items of evaluation

The effectiveness of the Board of Directors shall be analyzed and evaluated in terms of a variety of aspects by specifying appropriate evaluation items. These items will make it possible to understand the makeup of the Board of Directors and identify the degree of the contribution made by individual directors to the Board of Directors, etc.

[Evaluation subject]

All directors and members of the Audit & Supervisory Board

[Evaluation method]

Self-Evaluation

This evaluation was conducted via a written survey, with each of the respondents identified. Following a discussion using the aggregated results, the Board of Directors evaluated its effectiveness, clarified issues and adopted measures for the future.

[Evaluation items]

(a) Roles and responsibilities of the Board of Directors
(b) Fulfilling the function of external directors
(c) Composition of the Board of Directors
(d) Operation of the Board of Directors
(e) Contributions of individual directors and members of the Audit & Supervisory Board
(f) Dialogue with shareholders

[Evaluation period]

One year from January to December

(3) Disclosure of evaluation results

The overview of the evaluation results and the future issues and measures of the Board of Directors will be disclosed every year via the Company's website and the integrated report, etc.

https://ir.kurita.co.jp/en/corporate_governance/board_evaluation/index.html

⇒ According to the evaluation results for January to December 2022, the average self-evaluation of all directors and members of the Audit & Supervisory Board was generally good in all six areas, indicating that the Board of Directors is operating effectively. By category, "operation of the Board of Directors" was most highly evaluated as in the previous year. This was followed by "Fulfilling the function of external directors" and "contributions of individual directors and members of the Audit & Supervisory Board." However, in the “roles and responsibilities of the Board of Directors” category, items related to the building and monitoring of the DX promotion structure and "dialogue with shareholders" received relatively low valuations compared with other items in the previous evaluation results. Our conduction for these issue are below.

Issue: The Bord of directors have to show clarified direction for management policy which is planned by management members and identify important appeal point for investors and shareholders to improve the quality of the dialogue.

Measures: Through the following measures, we will build a DX promotion system and improve the quality of constructive dialogue with shareholders and investors.
(1) Clarify the direction of the transformation of the business model and the transformation of the business process utilizing digital technology that management has considered through discussions at the Board of Directors.

(2) Based on the opinions and expectations of shareholders and investors, directors and management will create opportunities for dialogue with shareholders and investors regarding their areas of responsibility and areas of expertise based on the direction that the Group is aiming for through various strategies.

[Supplementary Principle 4.14.2 Training policies for directors and members of the Audit & Supervisory Board]
(1) Orientation for newly appointed directors and members of the Audit & Supervisory Board
Newly appointed directors and members of the Audit & Supervisory Board shall participate in the prescribed orientation immediately after they take office so that they can perform their expected roles and duties.

(2) Self-improvement of directors and members of the Audit & Supervisory Board
The directors and the members of the Audit & Supervisory Board shall acquire the knowledge they require on their own and devote themselves continuously to learning so that they can perform their expected roles as executives who play a role in the important governing bodies of a company. The Company will provide the directors and the members of the Audit & Supervisory Board with information about external seminars and other opportunities for self-improvement, and cover their expenses within the range specified in a separate document.

(3) Checking the implementation status of training
The executive general manager of the Corporate Planning and Management Office will report on the implementation status of training for the directors and the members of the Audit & Supervisory Board to the Board of Directors every year.
⇒ In the fiscal year ended March 31, 2023, the Company held each seminar about Digital Human Resources, Human Rights Due Diligence, International Finance and DX. In addition, self-development efforts are made by participating in external seminars and others.

[Principle 5.1 Policies for dialogue with shareholders and investors and the appropriate disclosure of information]
(1) Basic stance
Continuing to emphasize management that values shareholders, the Kurita Group will actively listen to feedback of shareholders and investors, and continuously work to develop a framework to promote constructive dialogue with shareholders and investors in order to contribute to the sustainable growth of the Company and enhance its corporate value in the medium and long term.

(2) Framework for promoting dialogue
The responsible official in charge of carrying out constructive dialogue with shareholders and investors shall be the executive general manager of the Corporate Control and Administration Division. The executive general manager of the Corporate Control and Administration Division shall, upon receiving a request for dialogue from shareholders and investors, individually engage in dialogue, and work to set up a useful place for shareholders and investors by securing opportunities for them to engage in a dialogue with the president, directors including external directors, and others.
As an organization that supports dialogue with shareholders and investors, the Company will establish full-time Investor and Shareholder Relations sections in the Corporate Control and Administration Division and appoint full-time Investor and Shareholder Relations staff. To identify and gather important in-house information and manage it appropriately, the executive general manager of the Corporate Control and Administration Division will also establish an Investor and Shareholder Relations liaison group consisting of the persons in charge in the Corporate Planning Department, the General Affairs and Risk Management

Department, the Corporate Accounting Department, the Corporate Finance Department, ESG Integration Department, Governance Promotion Department and Corporate Communication Department to share information regularly or as needed. The executive general manager of the Corporate Control and Administration Division will manage this group and provide the information necessary for dialogue.

(3) Efforts to enhance IR and SR activities
The executive general manager of the Corporate Control and Administration Division shall be in charge of IR and SR activities. The full-time IR and SR staff will work to enhance dialogue with shareholders and investors by planning and conducting various explanatory meetings and transmitting more information via website.

(4) Conveying the feedback of shareholders and investors to management
The executive general manager of the Corporate Control and Administration Division shall convey the feedback and concerns of shareholders identified through dialogue with them to the Board of Directors on a regular basis or as needed. The full-time IR and SR staff shall prepare the minutes soon after the dialogue is conducted, and provide an environment where the directors, the members of the Audit & Supervisory Board, and the executive offices are able to read the minutes whenever they wish to do so.
The executive general manager of the Corporate Control and Administration Division shall report on the results of and plans for IR and SR activities at the Board of Directors twice a year.

(5) Management of insider information
The Company has established the "Regulations Concerning Control of Insider Trading of Shares, etc." as specified by law to prevent insider trading from occurring, and will work to observe the Regulations in dialogue with shareholders and investors. The Company has also set up a silent period that lasts from the day after the fiscal year end to the announcement of business results. In general, the purpose of the silent period is to prevent the leakage of information about business results and ensure fair information disclosure. The Company will refrain from answering questions and commenting on business results during the silent period. However, in the event that performance is expected to significantly deviate from forecasts during the quiet period, the Company will implement appropriate information disclosure in accordance with the standards for information disclosure.

(6) Understanding the shareholder structure
To promote dialogue with the substantial shareholders, the Company will make efforts to understand the shareholder structure by conducting a survey at least twice a year in Japan and other countries to identify the major shareholders.

[Supplementary Principle 5.2.1 Policy for business portfolio management]
In accordance with the policy for business portfolio management approved at its meetings, the Board of Directors evaluates each business segment at least once a year from the perspectives of growth potential, return on capital, etc. and supervises the allocation of managerial resources and implementation of strategies based on the business portfolio. Moreover, the Board will work to better illustrate the status of review of the business portfolio, etc. when publicly disclosing managerial strategies, etc.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,569,200	14.70
Custody Bank of Japan, Ltd. (Trust Account)	7,146,257	6.34
Nippon Life Insurance Company	5,979,883	5.30
CACEIS BANK, LUXEMBOURG BRANCH/UCITS CLIENTS ASSETS	2,544,796	2.25
MUFG Bank, Ltd.	2,056,131	1.82

STATE STREET BANK WEST CLIENT - TREATY 505234	1,970,629	1.74
STATE STREET BANK AND TRUST COMPANY 505025	1,777,998	1.57
STATE STREET BANK AND TRUST COMPANY 505253	1,570,419	1.39
BNP PARIBAS LUXEMBOURG/2S/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSET	1,514,700	1.34
JP MORGAN CHASE BANK 385781	1,468,908	1.30

Controlling Shareholder (except for Parent Company)	---
Parent Company	None

Supplementary Explanation Updated

1. The status of the Company's major shareholders shown above is as of March 31, 2023.

2. Custody Bank of Japan, Ltd. (Trust Account), which has 7,146,257957 shares, includes 244,657 shares of treasury stock for performance-linked stock compensation for directors.

3. The Company hold 3,555,082 shares of treasury stock, which is not included in above major shareholders. Treasury stock does not include 244,657 shares of treasury stock for performance-linked stock compensation for directors, held by Custody Bank of Japan, Ltd. (Trust Account).

4. Ratio of shareholding is calculated based on the number of shares after deduction of the number of treasury stock from the total number of issued shares. 244,657 shares for performance-linked stock compensation for directors, owned by Custody Bank of Japan, Ltd. (Trust Account), is not included in the treasury stock deducted from the total number of issued shares.

5. Based on a large shareholding report that was submitted by Amundi Japan Ltd. to the Director of the Kanto Finance Bureau effective July 22, 2022, the Company received a report that, as of July 15, 2022, nine group companies of Amundi Japan Ltd. held 6,218,000 shares (percentage to the number of shares outstanding: 5.35%). However, this company is not included in the above "Status of Major Shareholders" because the Company has yet to confirm the substantive number of shares held as of the end of the fiscal year.
6. Based on a large shareholding report (change report) that was submitted by BlackRock Japan Co., Ltd. to the Director of the Kanto Finance Bureau effective December 5, 2022, the Company received a report that, as of November 30, 2022, eight group companies of BlackRock Japan Co., Ltd. held 9,131,000 shares (percentage to the number of shares outstanding: 7.86%). However, this company is not included in the above "Status of Major Shareholders" because the Company has yet to confirm the substantive number of shares held as of the end of the fiscal year.

7. Based on a large shareholding report (change report) that was submitted by Sumitomo Mitsui Trust Bank, Ltd., to the Director of the Kanto Finance Bureau effective January 19, 2023, the Company received a report that, as of January 13, 2023, three group companies of Sumitomo Mitsui Trust Bank, Ltd., held 6,598,000 shares (percentage to the number of shares outstanding: 5.67%). However, this company is not included in the above "Status of Major Shareholders" because the Company has yet to confirm the substantive number of shares held as of the end of the fiscal year.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market

Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

No controlling shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

None

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with the members of the Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	No upper limit to the number of directors is stipulated.
Term of Office Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Appointment of External Directors	Appointed
Number of External Directors	4
Number of Independent Directors	4

External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Ryoko Sugiyama	From another company											
Keiko Tanaka	From another company											
Kenichiro Kamai	From another company								△			
Masahiro Miyazaki	From another company								△			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/ the member of the Audit & Supervisory Board
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company external directors/members of the Audit & Supervisory Board are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

External Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Ryoko Sugiyama	○	---	Ms. Ryoko Sugiyama is an expert in the environment and wastes and has experience of management, including serving as External Director at multiple listed companies. The Company believes that she is an individual capable of expressing opinions from an outside perspective different from the Company's to increase the rationality and transparency of the Company's management and supervising the execution of the duties of Directors based on her high expertise and a wealth of experience in the environment field. UACJ Corporation, which Ms. Sugiyama serves as an external director, is a business partner of the Company, but the ratio of business with the UACJ Corporation to the Kurita Group's consolidated sales is less than 0.1% and does not constitute a major counterparty of the Company. The LECIP Holdings Corporation, which she serves as an external director and Audit and Supervisory Committee member are not business partners of the Company. Thus, the Company has determined that she has no conflict of interest with general shareholders and has designated her as an independent officer.
Keiko Tanaka	○	---	Ms. Keiko Tanaka has been active in business fields that differ from those of the Kurita Group and possesses a great deal of knowledge on public relations and marketing, as well as having held the position of Ambassador Extraordinary and Plenipotentiary of Japan to Uruguay. The Company believes that she is an individual capable of expressing opinions from an outside perspective different from the Company's to increase the rationality and transparency of the Company's management and utilizing her expansive knowledge and international experience for supervising the execution of the duties of Directors. Nissan Financial Services Co., Ltd., which Ms. Tanaka has been serving as

			Corporate Vice President since April 2022, is not a business partner of the Company. Thus, the Company has determined that she has no conflict of interest with general shareholders and has designated her as an independent officer.
Kenichiro Kamai	○	DENSO CORPORATION, with which Mr. Kenichiro Kamai had been affiliated until June 2014, is a business partner of the Company, but the ratio of recent business with DENSO CORPORATION to the Kurita Group's consolidated net sales is less than 0.3% and does not constitute a major counterparty of the Company.	Mr. Kenichiro Kamai has a wealth of experience, including overseas, in business fields that differ from those of the Kurita Group, and he has also considerable insight in DX and development. The Company believes that he is an individual capable of expressing opinions from an outside perspective different from the Company's to increase the rationality and transparency of the Company's management and supervising the execution of the duties of Directors based on his experience of management at multiple companies and expertise in the fields of DX and development. Moreover , neither TOKAI ELECTRONICS CO., LTD., which he has been serving as an Advisor since December 2021, nor ADVICS CO., LTD., which he served as Executive Vice President and Executive Advisor until March 2021, has conducted any transaction with the Company. Further, as stated in the left-hand column, DENSO CORPORATION is not a major business partner of the Company, and the Company has therefore determined that he has no conflict of interest with general shareholders, and has designated him as an independent officer.
Masahiro Miyazaki	○	Hitachi High-Tech Corporation, which Mr. Masahiro Miyazaki serves as an Advisor, is a business partner of the Company, but the ratio of recent business with Hitachi High-Tech Corporation to the Kurita Group's consolidated net sales is less than 0.1% and as such it does not constitute a major counterparty of the Company.	Mr. Masahiro Miyazaki has experience of holding important positions such as a representative executive officer and president and chief executive officer at corporate groups with global operations, both in Japan and overseas. The Company believes that he is an individual capable of increasing the rationality and transparency of the Kurita Group's management and supervising the execution of the duties of Directors from an outside perspective based on his extensive experience in corporate management and global business. Further, as stated in the left-hand column, Hitachi High-Tech Corporation is not a major business partner of the Company, and the Company has therefore determined that he has no

			conflict of interest with general shareholders, and has designated him as an independent officer.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination & Remuneration Advisory Council	Nomination & Remuneration Advisory Council
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	1	1
External Directors	4	4
External Experts	0	0
Other	1	1
Chairperson	External Director	External Director

Supplementary Explanation Updated

[Nomination & Remuneration Advisory Council]
In October 2015, the Company has in place a Nomination & Remuneration Advisory Council to increase objectivity and transparency in the decision-making process regarding remuneration and nomination of directors and members of the Audit & Supervisory Board.
The Nomination & Remuneration Advisory Council consists of three or more members, basically the majority of whom are independent outside officers, and the chairperson is elected by mutual election of the members.
The Nomination and Remuneration Advisory Council is chaired by Ms. Ryoko Sugiyama, who is an External Director.

< Procedures for nominating candidates for directors and members of the Audit & Supervisory Board >
When making a proposal of candidates for directors, the president and director, directors with positions of responsibility, and representative directors as well as members of the Audit & Supervisory Board, the chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Having received the request, the Council reports on the suitability or unsuitability of the candidates to the Board of Directors. Based on the report, the Board of Directors will submit a proposal for recommending the candidates for directors and members of the Audit & Supervisory Board to the Board of Directors by stating the reason for recommendation. After deliberating the proposal, the Board of Directors will nominate the candidates for directors and members of the Audit & Supervisory Board and determine the president and director, directors with positions of responsibility and representative directors. When submitting a proposal for recommending the candidates for the members of the Audit & Supervisory Board to the Board of Directors, the consent of the Audit & Supervisory Board shall be obtained in advance.
With respect to the composition of the Council, five members consisting of the three external directors, the full-time external member of the Audit & Supervisory Board and the president will engage in consultative activities concerning candidates for directors, representative directors and directors with positions of responsibility.
Number of meetings held in the fiscal year ended March 31, 2023: 5

< Procedures for deciding the remuneration of the directors and the members of the Audit & Supervisory Board >

When making a proposal regarding the remuneration system and the remuneration level of the directors (excluding external directors) and the members of the Audit & Supervisory Board and the performance evaluation of the directors to the Board of Directors, the chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Having received the request, the Council reports on the suitability or unsuitability of the candidates to the Board of Directors. Based on the report, the Board of Directors will decide the remuneration of the directors within the total amount determined by a General Meeting of Shareholders. The allocation of remuneration to each member of the Audit & Supervisory Board shall be decided through consensus of the Audit & Supervisory Board.
Number of meetings held in the fiscal year ended March 31, 2023: 4

[Successor Planning Committee]
Based on the decision on issues to be addressed and measures for them in the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2018, in May 2018 the Company establishes the Successor Planning Committee, mainly comprising external officers, as an organization for selecting successor candidates for the president, directors, and executive officers and deciding on measures for their development. The committee refers to objective information such as external organization assessment results for the successor candidates and selects successor candidates for the president, directors, and the executive officers, as well as setting the development measures for the successor candidate for president, and reports these to the Board of Directors.
The Successor Planning Committee is composed of three or more members, basically the majority of whom are independent outside officers, and the chairperson is elected by mutual election of the members.
The Successor Planning Committee is chaired by Ms. Ryoko Sugiyama, who is an External Director.
Number of meetings held in the fiscal year ended March 31, 2023: 4

[The Members of the Audit & Supervisory Board]

Establishment of the Members of the Audit & Supervisory Board	Established
Maximum Number of the Members of the Audit & Supervisory Board Stipulated in Articles of Incorporation	No upper limit to the number of the Members of the Audit & Supervisory Board is stipulated.
Number of the Members of the Audit & Supervisory Board	3

Cooperation among the members of the Audit & Supervisory Board, Accounting Auditors and Internal Audit Departments

The members of the Audit & Supervisory Board confirm the Accounting Auditors' independence and the status of their performance of duties and holds discussions and exchanges opinions with the Accounting Auditors about accounting audits on a periodic basis and as required. Furthermore, the members of the Audit & Supervisory Board discusses internal audit plans with the Internal Auditing Department in charge of internal audits of the Company and exchanges opinions with them about audit results and evaluations of internal controls, risk management, etc. relating to financial reporting.

Appointment of External Members of the Audit & Supervisory Board	Appointed
Number of External Members of the Audit & Supervisory Board	2
Number of Independent the Members of the Audit & Supervisory Board	2

External Members of the Audit & Supervisory Board Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kenjiro Kobayashi	From another company													
Toshiaki Tada	Lawyer													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. The Members of the Audit & Supervisory Board of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as the members of the Audit & Supervisory Board
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the members of the Audit & Supervisory Board himself/herself only)
k. Executive of a company, between which and the Company external directors/ the members of the Audit & Supervisory Board are mutually appointed (the members of the Audit & Supervisory Board himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the members of the Audit & Supervisory Board himself/herself only)
m. Others

External Members of the Audit & Supervisory Board Relationship with the Company (2)

Name	Designation as Independent Members of the Audit & Supervisory Board	Supplementary Explanation of the Relationship	Reasons of Appointment
Kenjiro Kobayashi	○	---	Mr. Kenjiro Kobayashi is an individual who has held active roles in areas other than the business activities of the Kurita Group and has a high degree of professionalism and a wealth of international experience in the areas of financial affairs, management planning, new business development, M&A, etc. We consider that he is capable of conducting high quality audits based on this expertise and experience from an outside perspective as an external

			member of the Audit & Supervisory Board. CxS Corporation, of which he served as an executive officer in the past, and Japan Industrial Solutions Co., Ltd., of which he served as a director in the past, are not business partners of the Company. Thus, the Company has determined that he has no conflict of interest with general shareholders, and has designated him as an independent officer.
Toshiaki Tada	○	---	Mr. Toshiaki Tada has expertise as an attorney and a wealth of knowledge about corporate legal affairs in Japan and overseas. The Company consider that Mr. Tada is capable of conducting high quality audits based on his expertise and knowledge from an outside perspective. As a lawyer, Mr. Tada has no relationship of special interest with the Company. The Company has therefore determined that he has no conflict of interest with general shareholders, and has designated him as an independent officer.

[Independent Directors/ the Members of the Audit & Supervisory Board]

Number of Independent Directors/the Members of the Audit & Supervisory Board	6

Matters relating to Independent Directors/ the Members of the Audit & Supervisory Board

The Company designates external officers as independent officers because they all fulfill the qualification requirements as independent officers. For the roles and duties of the Company's independent external directors and the criteria for judging their independence, please refer to Principle 4.9 Roles and duties of independent external directors and criteria for judging the independence of independent external directors in [Disclosure Based on the Principles of the Corporate Governance Code] under I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information of this report.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

For this explanation, please refer to Disclosure of Policy on Determining Remuneration Amounts or Calculation Methods under [Director Remuneration] below.

Recipients of Stock Options	

Supplementary Explanation

None

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Remuneration of only some of the individual directors is disclosed.

Supplementary Explanation

Amount of executive remuneration for the directors and the members of the Audit & Supervisory Board
[Remuneration for the 86th fiscal year (April 1, 2021 to March 31, 2022)]
Directors (11 directors including four external directors): 429 million yen
Members of the Audit & Supervisory Board (Three members including two external members): 81 million yen
External officers (Six officers): 89 million yen

Total amount of consolidated remuneration paid to respective directors (in accordance with the disclosure method of securities report)
Michiya Kadota, President and Representative Director: 133 million yen
Note: Only directors whose total consolidated remuneration is 100 million yen or more are listed. Details are described in the securities report.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts or Calculation Methods

The Company's basic policy regarding the determination of remuneration for Directors and Members of the Audit & Supervisory Board is as follows.

Basic policy regarding the determination of remuneration for Directors and members of the Audit & Supervisory Board
1. The remuneration paid to Directors and members of the Audit & Supervisory Board is designed to attract and retain talented people with diverse skills, experience, etc., to help realize the corporate philosophy.
2. The Company intends that remuneration be linked to business performance and medium- to long-term corporate value in order to function as a sound incentive for sustainable growth.
3. The Company ensures the objectivity of decisions on remuneration and the remuneration decision-making process be highly transparent.

[Objectives of the basic policy]

- The basic policy is to establish a structure and level of remuneration that enables us to secure excellent personnel capable of supervising and executing the management of the Company in order to realize its corporate philosophy.
- The remuneration system shall function as a sound incentive for sustainable growth, taking into account the enhancement of corporate value from a long-term perspective and the accommodation of expectations and requests from shareholders and other stakeholders.
- The remuneration decision-making process shall be highly objective and transparent, in compliance with the Companies Act and other laws and regulations relating to executive remuneration, through efforts such as the establishment of a process to verify the remuneration levels on a regular basis with reference to external remuneration data utilizing the Nomination & Remuneration Compensation Advisory Council.

The Company resolves on the policy for determining the contents of individual remuneration of Directors at its Board of Directors meeting. The Board of Directors makes such resolution after referring the contents to be resolved to the Nomination & Remuneration Advisory Council and receiving that council's findings.

The remuneration system for the Company's Directors (excluding the External Directors) consists of fixed remuneration as the basic remuneration and incentive remuneration that reflects performance. The remuneration system for External Directors with supervising functions and members of the Audit & Supervisory Board is a fixed remuneration system. The fixed remuneration is a fixed amount by position for the Directors and by working form for the members of the Audit & Supervisory Board, and a portion thereof is appropriated for the Directors' and the members of the Audit & Supervisory Board's Shareholding Scheme for the purchase of the Company's shares so that the Directors and the members of the Audit & Supervisory Board share the risks of share price fluctuations with the shareholders. The incentive remuneration is intended to motivate Directors (excluding the External Directors) to continuously improve the Kurita Group's business results for the enhancement of corporate value. The incentive remuneration consists of short-term incentive remuneration, which increases or decreases depending on factors such as the level of attainment of the annual business plan or the evaluation of each individual's performance of his or her duties and long-term incentive remuneration, whereby shares are issued to retiring directors according to their performance while in office and their title.

Regarding the remuneration system and the remuneration level of the Directors and the members of the Audit & Supervisory Board and the performance evaluation of the Directors (excluding External Directors), the Chairperson of the Board of Directors will consult the Nomination & Remuneration Advisory Council in advance. Based on the report given by the Nomination & Remuneration Advisory Council, the Board of Directors will decide the remuneration of the Directors within the total amount determined by a General Meeting of Shareholders. The Nomination & Remuneration Advisory Council consists of the six members with four External Directors, one full-time external Member of the Audit & Supervisory Board, and the President and is chaired by Ryoko Sugiyama, an External Director. Therefore, the Board of Directors has judged that the contents of individual remuneration for the fiscal year under review are in line with these policies.

The allocation of remuneration to each member of the Audit & Supervisory Board shall be decided through discussions among members of the Audit & Supervisory Board.

[Supporting System for External Directors and/or the Members of the Audit & Supervisory Board]

The Corporate Planning Department of the Corporate Planning and Management Office, serving as the secretariat of the Board of Directors, issues notices of Board of Directors' meetings, distributes materials and explains the agenda of the meetings to the external directors and/or the members of the Audit & Supervisory Board prior to the meeting as required.

[Status of Persons who have retired from President & Representative Director, etc.]

Name, etc. of Senior Adviser, Adviser, etc. who was President & Representative Director, etc.

Name	Title / Position	Job description	Working Style / Conditions (Full-time / Part-time, Remuneration, etc.)	Date of Retirement from President, etc.	Term
Toshiyuki Nakai	Advisor	Engaging in social contribution activities	Full time, Paid	March 31, 2016	1 Year (Until the end of June, 2023)

Total number of Senior Adviser, Adviser, etc. who was President & Representative Director, etc.	One (1) person

Other matters

The Board of Directors discuss and determine the delegation of the duties of Advisors. The Advisor is not involved in any management decision-making.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company is a Company with the members of the Audit & Supervisory Board, and the Board of Directors currently consists of ten (10) directors, with six (6) internal directors and four (4) external directors (with the ratio of independent external directors at 40%). It provides strategic direction that contributes to the Kurita Group's sustainable growth, makes decisions on important matters related to operational execution based on the direction, and exercises supervisory functions over the execution of duties by the directors and overall management. The Board Directors' meeting shall be held regularly at a frequency of at least once a month. In the fiscal year ended March 31, 2023, the meeting was held 13 times in total. All inside Directors attended all of the 13 meetings. Mr. Katsuya Amano attended all of 10 meetings held after they assumed the office of Director. With regard to External Directors, Ms. Keiko Tanaka, and Mr. Kenichiro Kamai attended the Board Directors' meeting all of 13 meetings, and Ms. Ryoko Sugiyama 12 times, during the fiscal year. Mr. Masahiro Miyazaki attended all of 10 meetings held after they assumed the office of Director.

As a framework to supplement the Board of Directors' decision-making, the Company has established and operates an approval system based on the Internal Decision Approval and Review Rules.
In addition, the Executive Committee has been established, consisting of the president and representative director, directors at the level of managing director and above and directors and executive officers designated by the president and representative director, to make decisions and review the resolution matters of the Board of Directors for ensuring the Board's prompt and smooth decision making. The Company has also employed the executive officer system since June 2005 for the purpose of strengthening business execution capabilities, and has appointed nine (9) executive officers.

To enhance and strengthen the evaluations of investments and financing of the Kurita Group, the Company has established the Investment Committee, which evaluates the investment and financing projects to be submitted to the Board of Directors or the Executive Committee. The Investment Committee reports the evaluation results and major issues to the Board of Directors and the Executive Committee.
The Company has adopted the Audit & Supervisory Board system. The Audit & Supervisory Board consists of three (3) members (including two external members), and each member conducts the audits undertaken by the Audit & Supervisory Board in accordance with the audit policies and division of duties determined by the Audit & Supervisory Board, and supervises the directors' execution of duties. In addition, the Internal Auditing Department has been established for the purpose of enhancing internal audit functions, including audits of matters related to compliance activities. The Company has appointed Grant Thornton Taiyo LLC as its accounting auditor in accordance with the laws and regulations to ensure the implementation and improvement of accounting audits.

The term of office of the Company's external director is one year. The Company allows each external director of the Company to have concurrent positions at up to two other listed companies. Taking advantage of the knowledge and expertise developed through their management experience, the Company's independent external directors assess the management and express opinions from the viewpoint of the sustainable growth of the Kurita Group and medium- and long-term improvement of its corporate value, thereby improving the reasonableness and transparency of the Board of Directors' judgments. The Company revised its Articles of Incorporation at the General Meeting of Shareholders held on June 27, 2013 to establish provisions concerning contracts for the limitation of liability related to external directors and external members of the Audit & Supervisory Board. Pursuant to these provisions, the Company has entered into an agreement with each of Ms. Ryoko Sugiyama, Ms. Keiko Tanaka, Mr. Kenichiro Kamai and Mr. Masahiro Miyazaki, who are part-time external directors, and Mr. Toshiaki Tada, who is a part-time external member of the Audit & Supervisory Board, that limits liability for damages as stipulated in Paragraph 1, Article 423 of the Companies Act in accordance with the provisions of the Articles of Incorporation thereof based on the provisions of Paragraph

1, Article 427 of the Act. The amount stipulated in Paragraph 1, Article 425 of the Act has been set as the maximum liability for damages based on this agreement.

For the Company's corporate governance system chart, please refer to the attachments at the end of this report.

3. Reasons for Adoption of Current Corporate Governance System

The Company considers that the thorough supervision of the execution of business operations and management can be attained through the framework described above. In addition, at present, the Company has appointed four (4) independent external directors, whose ratio is 40%.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Since 1999, the Company has sent out a notice of convocation of a general shareholder meeting about three weeks prior to the meeting. In 2016, it began disclosing the notice of convocation of a general shareholder meeting on the Internet before sending it out by mail. The dates of sending the notice of convocation and disclosing the notice on the Internet in this year are as follows. -sending date: June 8, 2022 (21 days in advance) -disclosing date: June 1, 2022 (28 days in advance) (the date of General Meetings of Shareholders held: June 29, 2022)
Allowing Electronic Exercise of Voting Rights	The Company began to allow the electronic exercise of voting rights at the time of the general shareholder meeting in 2006.
Participation in Electronic Voting Platform	At the time of the general shareholder meeting in 2006, the Company began to participate in the Electronic Voting Platform operated by ICJ.
Providing Convocation Notice in English	At the time of the general shareholder meeting in 2013, the Company began to prepare the notice of convocation of a general shareholder meeting in English.
Other	At the time of the general shareholder meeting in 2005, the Company began to hold briefings for individual shareholders (formerly "shareholder gatherings"). However, the Company canceled these briefings at the general shareholder meeting in 2020, 2021, and 2022, in order to prevent the spread of the novel coronavirus disease (COVID-19). A hybrid participatory virtual general meeting of shareholders was introduced for Ordinary General Meeting of Shareholders in June 2020 to provide shareholders with an opportunity to view the meeting using the Internet, etc. without needing to be physically present. In addition, where institutional investors who hold shares in the name of a trust bank or other custodial institution express an interest in attending the general shareholder meeting, the Company confirms the fact that such institutional investors hold shares and arranges for their observation of the meeting. After the General Meeting of Shareholders, the results of resolutions on proposals submitted by the Company are analyzed and then reported to the Board of Directors, irrespective of the number of opposition votes, to consider the way to engage in dialogue with shareholders.

2. IR Activities **Updated**

	Supplementary Explanations	Regular Investor Briefings for Individual Investors
Preparation and Publication of Disclosure Policy	Kurita Group Disclosure Policy is posted on the Company's website: https://ir.kurita.co.jp/en/corporate_governance/organization/index.html	
Regular Investor Briefings for Individual Investors	The briefing was canceled in 2022 in order to prevent the spread of COVID-19.	None
Regular Investor Briefings for Analysts and	Earnings briefings are held twice a year (second quarter and the fiscal year-end), and telephone conferences are held twice a year (first and third quarter). The president and the executive general manager of the	Yes

Institutional Investors	Corporate Control and Administration Division explain business performance and strategies, furthermore he or she handles the question and answer sessions. In addition, an ESG Briefing is held once a year as an opportunity to explain initiatives related to corporate governance and sustainability and exchange opinions with analysts and institutional investors.	
Regular Investor Briefings for Overseas Investors	Overseas roadshows are held at least twice a year, and the president mainly provides explanations. Moreover, we periodically attend conferences held by securities firms.	Yes
Posting of IR Materials on Website	Financial explanatory documents and summaries of questions and answers are posted on the Company's website in both Japanese and English. In addition, an audio webcast of the financial results presentation (in Japanese only) is made available for about 3 months. In addition, other presentation materials, summaries of question and answer sessions, and integrated reports (annual reports) are also created in both Japanese and English and posted on the Company's website. https://ir.kurita.co.jp/en/	
Establishment of Department and/or Manager in Charge of IR	The Company has established the Investor Relations Section Corporate Planning Department, Corporate Control and Administration Division.	
Other	Investor meetings are held throughout the year, hosted by the executive general manager of the Corporate Control and Administration Division, who is the officer in charge of investor relations, and persons in charge of investor relations. In addition, a shareholder newsletter is issued and sent once a year as a means of providing information mainly to individual shareholders.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Kurita Group has established the basic behavior to be adhered to by all directors and employees in their relationships with shareholders, investors, customers, business partners, employees and the local communities in the "Kurita Group Code of Conduct," which explicitly values its relationships with stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	The Company's sustainability initiatives are described in [Supplementary Principle 3.1.3 Initiatives for sustainability, etc.] in [Disclosure Based on the Principles of the Corporate Governance Code] under I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information of this report. Please refer to the section. Further, in July 2020, the Company participated in the Water Resilience Coalition (WRC), which addresses water-related problems all over the world, as a Co-Founder. The WRC is a new organization established under the CEO Water Mandate, a United Nations Global Compact initiative. It will launch industry-driven initiatives for the preservation and recovery of water resources in regions facing serious water resource concerns all over the world. As a member of the WRC, the Kurita Group will work to preserve the world's water resources together with other companies and organizations, aiming to achieve the Sustainable Development Goals (SDGs) and its Corporate Philosophy. For details, please refer to the Company's website below: https://www.kurita.co.jp/english/csr/wrc/index.html
Development of Policies on Information Provision to Stakeholders	The Kurita Group will disclose information in accordance with the laws related to information disclosure, such as the Companies Act and the Financial Instruments and Exchange Act, and regulations for the timely disclosure of corporate information established by the Tokyo Stock

	Exchange. The Kurita Group will actively and fairly disclose information that is deemed to be effective for facilitating understanding of the Kurita Group among shareholders and investors. This information will comprise financial information including financial conditions and results of operations, management strategies including risks, corporate governance and matters related to social and environmental issues, and policies for capital efficiency.
Other	The Kurita Group has operations in over 30 countries, where it encounters diverse working environments, business customs, and trading practices. It is important to approach business with a respect for stakeholders' human rights. Therefore, recognizing that human rights are a priority issue for management, the Kurita Group promotes respect for human rights among all stakeholders, including employees, in the countries and regions where it conducts business. The Group recognizes that these initiatives need to be thoroughly implemented both internally and throughout the supply chain. The Group therefore also requests its suppliers to consider human rights, requires their understanding and cooperation, and confirms that human rights are being respected through periodic monitoring surveys. Details of initiatives including those for securing diverse human resources, fair personnel system, creating a corporate culture that facilitates work, and promoting women's participation and advancement in the workplace, work style reforms, and health and safety are described on the Company's website. Please refer to this description. https://www.kurita.co.jp/english/csr/csr_activity_basic/human_rights/index.html For the statuses of initiatives for ensuring the diversity of core human resources, please refer to [Supplementary Principle 2.4.1 Approach to human resources diversity and policy for responding to human resources diversity] under [Disclosure Based on the Principles of the Corporate Governance Code] in I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information of this report.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development Updated

In the meeting of the Board of Directors for the fiscal month of May 2006, the Company established the Basic Policies for Constructing an Internal Control System for the Company and its Group in accordance with the Companies Act and worked to strengthen its internal controls in accordance with the basic policies. The Basic Policies for Constructing an Internal Control System have been revised by resolutions of the Board of Directors.
In this article, we state systems and activities as of 31 March, 2023. From April 1, 2023, we have made minor changes in response to organizational changes and revisions to our corporate philosophy.
(https://ir.kurita.co.jp/en/corporate_governance/internal_control_system/index.html

[Systems]
1. System to ensure that the execution of the duties of directors and employees conforms with laws, regulations, and the articles of incorporation
(1) The Company and its consolidated subsidiaries (the "Group Companies"), will comply with laws and regulations in accordance with social ethics and have specified actions based on compliance with laws, regulations, and social ethics as a prerequisite for corporate activities to construct transparent and fair relationships with shareholders, customers, employees, local communities, and trade partners at all places in which business activities are conducted. We have also established Core Values (fairness, transparency, integrity, safety and compatibility) that officers and employees should emphasize, and the Kurita Group Code of Conduct with which officers and employees should comply, transcending differences in their language, custom and cultural background, to fully enforce actions based on compliance with laws, regulations and social ethics in our daily business activities. In addition, the Company and the Group Companies will stand up to antisocial forces that potentially pose a threat to social order and safety with a resolute attitude, and work to fight off the unjustified claims of antisocial forces in a determined manner.

(2) The Company sets up the Environmental & Social Committee, which is chaired by the director, and the Group Environmental & Social Committee, which is also chaired by the same director and whose members are the representatives of the Group Companies. In these Committees, the members set out policies and important measures for compliance activities, and convey them to all employees through the divisions and the department committees of the Group Companies. The Company will also work continuously to raise the compliance level by regularly reporting the status of activities and their results to the Board of Directors. If the chairperson of these Committees determines that there is a serious problem or a doubt related to compliance, the chairperson will immediately report it to the president, and then formulate and implement remedial actions and preventive measures. The president or the chairperson of these Committees will report these events to the Board of Director and the Audit & Supervisory Board whenever appropriate.

(3) The Company establishes the Internal Auditing Department to conduct internal audits on matters such as those related to compliance activities. The Internal Auditing Department is placed under the direct control of the President in the organizational structure and conducts internal audits based on audit plans approved by the Board of Directors or the President. The general manager of Internal Auditing Department shall report audit results to the Board of Directors or the President periodically or after each audit, depending on the type of audit. Moreover, the general manager of Internal Auditing Department shall, in cases where emergency or special measures are deemed to be required during audits, immediately report to the Board of Directors or the President.

(4) The Company establishes the Operational Regulations for Whistle-Blower Protection Systems as a mechanism for the employees of the Company and the Group Companies to directly provide information about legally doubtful conducts, etc. In conjunction with these regulations, the Company also establishes the Compliance Counselling Counter. The Company also works to ensure the fairness and transparency of the management of the Company and the Group Companies by regularly reporting the status of the operation of the contact for Public Interest Whistle-Blowing to the Board of Directors.

(5) The Company establishes and operates the "Internal Control Reporting System" in accordance with the Financial Instruments and Exchange Act to ensure the accuracy of the financial reporting of the Company and

the Group Companies. Monitoring, advices on improvement, and support for improvement for the operation of the System are implemented, with the Internal Auditing Department as the responsible department.
In addition, the Corporate Accounting Department, in the Corporate Control and Administration Division shares responsibility for monitoring, recommendations for improvement, and support for improvement related to the "operations process control inside the Company" and the "account settlement and financial reporting process control of consolidated subsidiaries from a company-wide perspective."

(6) In response to the "Corporate Governance Code" set forth in the Securities Listing Regulations of the Tokyo Stock Exchange, the Company establishes policies for corporate governance and strengthens its corporate governance, with the aim of realizing transparent, fair, prompt, and decisive decision-making and more effective management supervision of the Company and the Group Companies.

2. System to store and manage information about the execution of the duties of directors

Information about the execution of the duties of directors is recorded and stored in documents or electromagnetic media in accordance with the Document Regulations and the Confidential Information Management Regulations established by the Board of Directors. The directors and the members of the Audit & Supervisory Board may inspect these documents, etc. when necessary.

3. Regulations and other systems for managing the risk of loss

(1) Risks pertaining to the Company and the Group Companies are monitored and risk management is promoted, with the executive general manager of the Corporate Planning and Management Office acting as the officer in charge. The executive general manager of the Corporate Planning and Management Office regularly analyzes and assesses the risks of the Company and the Group Companies, and makes efforts to prevent the occurrence of risks through continuous monitoring. If a risk that may have a material impact on management arises, the executive general manager of the Corporate Planning and Management Office will appoint a responsible official, draw up a system to address the risk, and immediately issue a command after gaining the approval of the president. The responsible official will immediately implement countermeasures and report the impact of the risk, the status of correcting the risk, and the measures for preventing the risk to the president and the executive general manager of the Corporate Planning and Management Office.

(2) In regards to serious risks, the chairperson of the Environmental & Social Committee will be the responsible official for risks related to compliance, and the chairperson of the Headquarters Health and Safety Committee will be the responsible official for risks related to health, safety, and disasters. Risks that are directly related to daily business activities are addressed by the executive general managers of the divisions, who acts as the responsible official. Other day-to-day risks related to quality, the environment, information security, and export regulations, etc. are addressed by their respective departments.

(3) The executive general manager of the Corporate Planning and Management Office, the Chairmen of the Committees, and the executive general managers of the divisions regularly report the status of activities to promote risk management and compliance to the Board of Directors, and report the occurrence and result of material risks to the Board of Directors and the Audit & Supervisory Board whenever appropriate.

(4) The status of the implementation of risk management and improvements is monitored, with the Internal Auditing Department acting as the responsible department.

4. System to ensure the efficient execution of duties by the directors

The Company will improve the efficiency of the execution of duties of the directors based on the following management control system and mechanism.

(1) The Board of Directors specifies the operations delegated to the directors, the executive officers, and the responsible officials of organizations (managerial personnel with the rank higher than senior general manager of a division or head of an office).

(2) The Board of Directors formulates a long-term vision, a medium-term management plan, and a business plan for a single fiscal year, and sets out the targets, policies, and focused measures for each organization. The

Board of Directors also implements monthly and quarterly business controls in relation to the consolidated and non-consolidated targets of the Company and the business departments.

(3) The final decision application system is set up, in line with the Executive Committee and the Final Decision and Examination Regulations, as a decision-making system to complement the resolutions made at the Board of Directors' meetings.

(4) The Executive Committee makes decisions and conducts a review of matters resolved at the Board of Directors' meetings to facilitate the decision making progress at the Board of Directors' meetings when necessary. The Executive Committee consists of the president, directors with a rank of managing director or above, the executive general manager of the Corporate Planning and Management Office, and the directors and executive officers appointed by the president. The committee meets twice a month in principle, and on a temporary basis when necessary. In the Executive Committee, the members deliberate matters related to the management of the Company and the Group Companies, conduct a monthly and quarterly check of whether targets have been achieved and the status of implementation of policies and measures, and give the directors and the executive officers in charge instructions to correct deviations. The members of the Audit & Supervisory Board may attend the Executive Committee.

(5) The decision to establish, revise, or abolish the Final Decision and Examination Regulations is made by the Board of Directors. For the directors and the executive directors to conduct their duties more efficiently, internal regulations conforming to the Final Decision and Examination Regulations are established and implemented.

5. System to ensure the accuracy of operations in a corporate group consisting of the Company and its subsidiaries

The Company and Group Companies perform operations appropriately by the following systems and the frameworks that are in place.

(1) The Company and Group Companies set a medium-term management plan and a business plan for a single fiscal year based on a unified outline for formulating plans.

(2) The overall management of Group Companies is controlled by the Corporate Planning and Management Office. In addition, an officer and a department of the Company in charge of each Group Company are appointed to regularly determine the status of the business performance achieved and the status of risk management based on the medium-term management plan and the business plan for a single fiscal year, and to provide the Group Companies with guidance.

(3) A Board of Directors is set up in each Group Company, and the Company or a Group Companies dispatches a (non-standing) director and (non-standing) member of the Audit & Supervisory Board to monitor the management of the Board of Directors, business performance, settlement of accounts, and risks. If a decision needs to be made as the Group Companies, the Executive Committee of the Company deliberates the matter and makes the decision in accordance with "7. Matters related to subsidiaries and associates in Japan and overseas," an appendix 1 of the Final Decision and Examination Regulations of the Company, or the Board of Directors or the Executive Committee of the Company makes the decision.

(4) In regards to the Group Companies' efforts related to compliance, the Group Environmental & Social Committee stated in Article 1, Paragraph 2 of the Basic Polices for Constructing an Internal Control System sets out policies and implements specific measures. In addition, the system for ensuring the accuracy of the financial reporting by the Group is considered and established as part of the approaches stated in Article 1, Paragraph 5.

(5) The Group Companies report the status of their management, sales activities, manufacturing, and risk management, etc. to the Company regularly, such as on a monthly or quarterly basis.

6. Matters related to an employee if a member of the Audit & Supervisory Board requests the assignment of the employee to assist him/her, matters related to the independence of the employee from the directors, and matters related to ensuring the effectiveness of instructions issued to the employee
(1) The Audit & Supervisory Board of the Company may appoint a full-time assistant. If a full-time assistant is not appointed, a member of the Audit & Supervisory Board may instruct a certain employee who belongs to the Internal Auditing Department to assist his/her auditing work as necessary.

(2) The employee who assists the auditing work of the member of the Audit & Supervisory Board in accordance with the instruction described in the preceding paragraph provides assistance independent of the directors and within the necessary scope of assistance. In addition, the opinions of the member of the Audit & Supervisory Board are respected regarding personnel changes and evaluations, etc. of the employee.

(3)The employee who assists the auditing work of the member of the Audit & Supervisory Board may regularly attend places where opinions are exchanged between the representative director and the accounting auditor within the company of the member of the Audit & Supervisory Board.

7. System for the directors and employees of the Company and Group Companies to report to the Audit & Supervisory Board, and other systems for reporting to the Audit & Supervisory Board
(1) In order to regularly confirm that the directors, executive officers and employees of the Company perform operations appropriately, the members of the Audit & Supervisory Board are required to attend the Board of Directors' meetings. They may also attend the Executive Committee and the Environmental & Social Committee, etc.

(2) The members of the Audit & Supervisory Board of the Company may inspect documents, etc. necessary for their auditing work at any time, irrespective of the provisions of the Document Regulations, the Confidential Information Management Regulations, and other regulations.

(3) The directors of the Company report important matters related to the execution of duties to the members of the Audit & Supervisory Board or the Audit & Supervisory Board whenever appropriate through the Board of Directors' meetings and other important meetings.

(4) The executive officers and employees of the Company and the directors, the members of the Audit & Supervisory Board, and the employees of the Group Companies report matters stipulated in laws and regulations as well as cases of compliance violations, cases in dispute, the occurrence of material risks, and matters related to accounting and the settlement of accounts, etc. to the respective departments in charge within the Company. The departments in charge report the details of reports from the executive officers and employees of the Company and the directors, members of the Audit & Supervisory Board and employees of Group Companies to the members of the Audit & Supervisory Board or the Audit & Supervisory Board when necessary. In addition, the departments in charge also make necessary reports at the request of a member of the Audit & Supervisory Board.

(5) The Company prohibits those who made a report to a department in charge, a member of the Audit & Supervisory Board, or the Audit & Supervisory Board in accordance with the provisions of the preceding paragraph from being treated unfavorably on the grounds of making a report, and makes this fact fully known to the directors, executive officers and employees of the Company and the directors and employees of the Group Companies.

8. Other systems to ensure the effective auditing of the Audit & Supervisory Board
(1) A meeting for the president and the members of the Audit & Supervisory Board or the Audit & Supervisory Board to exchange opinions is held regularly.

(2) The Audit & Supervisory Board establishes standards for appointing, dismissing, and refusing to reappoint the accounting auditor, and nominates a candidate for the accounting auditor. The Company and the Group Companies secure sufficient amount of time for the accounting auditor to conduct a high-quality audit. The

members of the Audit & Supervisory Board, the Internal Auditing Department, and the accounting auditor promote a cooperation by mutually checking each other's audit plans and sharing their concerns.

(3) The members of the Audit & Supervisory Board or the Audit & Supervisory Board hold discussions and exchange opinions with the Internal Auditing Department and the audit corporation when necessary.

(4) The Audit & Supervisory Board allocates expenses that are deemed necessary for the execution of duties in advance. However, the Audit & Supervisory Board may charge the Company postmortem for expenses it spent on urgent or provisional matters.

[Operational status]
1. System to ensure that the execution of the duties of directors and employees conforms with laws, regulations, and the articles of incorporation
(a) Having defined the objective of initiatives on CSR as "creating and maximizing shared value for the Kurita Group and society" and "identifying, preventing and mitigating possible adverse impacts by the Kurita Group," the Company identified seven material issues (primary focused area) related to CSR and formulated and verified the appropriateness of the ideal vision for 2030 and the approach to adhere to, and has been implemented the CSR Policy determined by the Board of Directors.

(b) The Company is operating the Regulation for Responding to Anti-social Forces that prescribes matters relating to an organizational structure and other approaches to cutting any relations with anti-social forces.

(c) The E&S Committee holds meetings regularly to check the state of progress of key measures and issues. In addition, important provision of information and reports are conducted so that the Board of Directors is able to oversee the Company's measures to address climate change issues.

(d) The Company established the Kurita Group Code of Conduct, the Corporate Governance Policies, the Basic Policies for Constructing an Internal Control System, the CSR Policy, the Kurita Group BCM Policy (Business Continuity Management), the Kurita Group Human Rights Policy, the Kurita Group Anti-Bribery Policy and Kurita Group Antitrust Policy as its basic policies. The Internal Auditing Department conducted management control monitoring related to the establishment, awareness promotion, and operation of frameworks and systems for deploying the basic policies in the Group Companies and it checked for any important inadequacies.

(e) The Company and the Group Companies have been implementing surveys on conduct in relation to compliance on an annual basis. They have been drawing on questionnaire results to monitor progress with respect to improvements, pinpointing issues, and then reflecting those findings in activity policies for the subsequent fiscal year. During the fiscal year under review, internal discussions were held based on past cases to reassess actions in the workplace.

(f) The Company and the Group Companies have been operating whistle-blowing system of internal control. They have accordingly established the Operational Regulations for Whistle-Blower Protection Systems and have
set up consultation desk and reporting desk operated by outside organizations.

(g) With respect to internal controls for financial reporting, a team dedicated to such tasks from the Internal Auditing Department has been engaging in monitoring in accordance with fiscal year plans, and the Accounting Department in the Corporate Control and Administration Division has also been taking on some responsibility in that regard. The Company has also been monitoring the effectiveness of respective controls.

(h) During the fiscal year under review, the Company reviewed its corporate governance policies to reflect the revision of the Corporate Governance Code.

2. System to store and manage information about the execution of the duties of directors
Original copies of the document of such information are being stored in vaults, and duplicates are being kept in locked document cabinets under stringent control. Access rights have been set for electromagnetic media.

In addition, the Company has stipulated that those who have been granted permission to view documents must follow certain procedures in that regard, under the Company's regulations.

3. Regulations and other systems for managing the risk of loss

(a) The Company and the Group Companies have adopted risk management systems whereby risk is categorized either as "Group-wide risk" which must be addressed by the entire Kurita Group such as in the event of an earthquake or other disaster, or as "business risk" which derives directly from daily business affairs. The Company and the Group Companies have also been conducting review on an annual basis of risk maps. The risk maps indicate probabilities of risks materializing, profile the impact and magnitude of impact that a risk event would pose, and assess the significance of such situations. To such ends, the Company and the Group Companies have been striving to prevent risk from materializing by implementing prevention measures, and otherwise have been preparing themselves to address unforeseen circumstances by establishing action plans for risk events. In addition, the Kurita Group implements the "Kurita Group BCM Policy (Business Continuity Management)" which sets out the Kurita Group's principles on response measures for officers, executive officers, and employees in handling emergencies that pose a risk to the continuity of the Kurita Group's businesses such as major earthquakes, storm and flood damage, or pandemics. During the fiscal year under review, the Company conducted proper documentation in line with the framework of ISO 22301, an international standard that defines the BCM, and conducted safety confirmation drills and web-based disaster drills for all employees.

(b) The Company and the Group Companies have established legal violation risk maps, and accordingly engage in practices that involve identifying major risks of legal violation and regularly monitoring implementation of initiatives in that regard.

(c) The Board of Directors has been regularly receiving reports regarding the promotion status of risk management and compliance activities, and the Board of Directors and the Audit & Supervisory Board have been receiving reports whenever appropriate with respect to the occurrence and materializing of significant risk events.

(d) The status of the implementation of risk management and improvements is monitored, with the Internal Auditing Department acting as the responsible department.

4. System to ensure the efficient execution of duties by the directors

(a) To enable the Board of Directors to better provide strategic direction that contributes to the Kurita Group's sustainable growth, make decisions on important matters related to operational execution, and exercise supervisory functions over the execution of duties, the Company reviewed and is operating the Final Decision and Examination Regulations when necessary.

(b) The Executive Committee has been making judgments and decisions on matters that have been delegated to it by the Board of Directors, and has been conducting review with respect to agenda items for meetings of the Board of Directors. Executive Committee members include the President and Representative Director, Directors with a rank of Managing Director or above, the Executive General Manager of the Corporate Planning and Management Office, and the Directors and executive officers appointed by the President and Representative Director. The committee has been meeting twice a month in principle, and on a temporary basis when necessary. The full-time members of the Audit & Supervisory Board have been attending meetings of the Executive Committee.

5. System to ensure the accuracy of operations in a corporate group consisting of the Company and its subsidiaries

(a) The Company and the Group Companies have set a medium-term management plan and a business plan for a single fiscal year based on a unified outline for formulating plans. Meanwhile, the President and Representative Director of the Company has been holding management plan review sessions with respective Group Companies annually, and has been making decisions on general matters with respect to the fiscal year and plans for the subsequent fiscal year. The overall management of Group Companies is controlled by the Corporate Planning and Management Office.

(b) The Group E&S Committee, the Group Health and Safety Committee, and other such bodies have been regularly providing an understanding of circumstances with respect to compliance and safety and health management of Group Companies, and have been providing necessary guidance in that regard.

(c) In order to strengthen governance at the Group Companies, the Company improves the systems and structures provided by the Company, and the Board of Directors accurately evaluates operational status and aims to improve effectiveness.

(d) Members of the Audit & Supervisory Board have been conducting audits and surveys with respect to the Company and the Group Companies in accordance with audit policies and audit plans, etc. established by the Audit & Supervisory Board.

6. Matters related to an employee if a member of the Audit & Supervisory Board requests the assignment of the employee to assist him/her, matters related to the independence of the employee from the directors, and matters related to ensuring the effectiveness of instructions issued to the employee

The Audit & Supervisory Board of the Company has no full-time assistant. However, to help members of the Audit & Supervisory Board perform sufficient audit work, the General Manager of Internal Auditing Department supports the Audit & Supervisory Board in audit work as the secretariat of the Audit & Supervisory Board, and members of the Audit & Supervisory Board give instructions to specific employees in the Internal Auditing Department to assist audit work as necessary.

7. System for the directors and employees of the Company and Group Companies to report to the Audit & Supervisory Board, and other systems for reporting to the Audit & Supervisory Board
(a) Each member of the Audit & Supervisory Board has been attending the Board of Directors meetings and other important meetings such as those of Executive Committee and E&S Committee, and has been performing audits of Directors with respect to their execution of duties.

(b) The Directors of the Company have been reporting important matters related to the execution of duties to the members of the Audit & Supervisory Board or the Audit & Supervisory Board whenever appropriate, through the Board of Directors meetings and other important meetings.

(c) The executive officers and employees of the Company, and the Directors, members of the Audit & Supervisory Board and the employees of the Group Companies report on the matters stipulated in laws and regulations as well as cases of compliance violations, cases in dispute, the occurrence of material risks, and matters related to accounting and the settlement of accounts, etc. to the departments in charge within the Company. The departments in charge report on the details of the reports from the executive officers and employees of the Company, and the Directors, members of the Audit & Supervisory Board and employees of Group Companies to the members of the Audit & Supervisory Board or the Audit & Supervisory Board when necessary. In addition, the departments in charge also make the necessary reports at the request of a member of the Audit & Supervisory Board.

(d) In accordance with the Operational Regulations for Whistle-Blower Protection Systems, the Company and the Group Companies have prohibited the unfair treatment of those who have reported information set forth in the previous paragraph, on the ground of having made such a report.

8. Other systems to ensure the effective auditing of the Audit & Supervisory Board
(a) Members of the Audit & Supervisory Board have been regularly holding meetings for exchanging opinions with the President and Representative Director of the Company in order to facilitate mutual understanding and further develop relationships of trust.

(b) The Audit & Supervisory Board establishes standards for appointing, dismissing, and refusing to reappoint the Accounting Auditor, and nominates a candidate for the Accounting Auditor.

(c) Members of the Audit & Supervisory Board have been holding discussions and exchanging opinions with the Internal Auditing Department whenever appropriate, and have also been taking steps to promote cooperation with the Accounting Auditor by mutually checking each other's audit plans and regularly exchanging opinions through forums such as briefing sessions for reporting on settlement of accounts and audit results.

2. Basic Views on Eliminating Anti-Social Forces

Regarding the elimination of antisocial forces, the Company has established the relevant provisions in "1. System to ensure that the execution of the duties of directors and employees conforms with laws, regulations and the Articles of Incorporation" of the "Basic Views on Internal Control System and the Progress of System Development" above.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

Please refer to the attachments at the end of this report.

The target and past data about ratio of female employees

Updated

			Fisical year ended March 31						Fisical year ending March 31	
			2019	2020	2021	2022	As of December 2022	As of April 2023	2028	2031
			Result	Result	Result	Result	Result	Target	Target	Target
The Company	Ratio of women in management positions		1.1%	2.1%	2.4%	2.7%	4.1%	5% or higher	Around 10%	
	Ratio of women among recruits for career track positions	(New graduate recruits)	21%	19%	33%	31%	—	30%	–	
		(New graduate and mid-career recruits)	15%	20%	33%	28%	—	–	Around 30% to 40%	

<Reference>

Kurita Group	Ratio of women in management positions	9%	10%	12%	13%	
	Ratio of women to all employees	24%	24%	25%	25%	

The target and actual about Mid-career recruiting

The Company	Ratio of mid-career recruits to all employees	10.6%	Around 30%

Skills Matrix of Directors and Members of the Audit & Supervisory Board

To realize our corporate philosophy, we have set the necessary knowledge, experience, and capabilities as skill items based on management strategies such as the Kurita Group's value creation story and medium-term management plan. The skill items are largely divided into two categories. One is corporate governance and management, under which three skill items of "corporate management and corporate planning," "finance and accounting," and "legal and HR management" are set as basic elements that are particularly essential. The other is about creating shared value with society by providing solutions that make full use of "water knowledge," which is obtained by leveraging diversity* of human resources and other elements. To drive this initiative, we have set six skill items of "human rights," "global," "understanding and solving issues on site," "R&D, technology, and engineering," "digital transformation (DX)," and "environment." We believe that our Board of Directors should possess these nine items of skills for making important decisions and supervising business execution effectively.

*The "diversity" means the variety of elements that form "diverse points of contact with sites" that are the source of the Kurita Group's competitiveness, such as contact points with customers, business fields, business development areas / countries, and technology fields, in addition to human resources.

＜Skills and reason for selection＞

High-level concepts	Skills	Reason for selection
Corporate governance and management	Corporate management Corporate planning / Finance and accounting / Legal and HR management	These skill categories have been selected because they are considered to be skills, knowledge, and experience that provide a foundation for decision making and supervision of business execution.
Leveraging diversity ▼ Making full use of water knowledge ▼ Creating social value	Human rights	In developing its business globally, the Kurita Group encounters diverse working environments, business customs, and trading practices, and there is a need to engage in business while respecting stakeholders' human rights. The Group has therefore established "respect human rights" as one of its materiality themes , and is promoting human rights respect initiatives for stakeholders such as employees in countries and regions where it conducts business. The Group also views the diversity of human resources as a foundation for generating innovation and a source for creating value that will lead to sustainable growth, and therefore considers it important to utilize diversity. Accordingly, the Group has selected human rights as a skill category because it is a priority issue for management.
	Global	As it develops its business globally, the Kurita Group is working to establish and reinforce global platform built on the four pivotal regions of Japan, Asia, EMEA, and the Americas. The skills item "global" stands for understanding of regions and countries, etc., where the Group is developing its business, and for international experience. It is an essential element for cultivating the "diverse points of contact with sites " that are a source of the Group's competitive advantage. This skill category has been selected because the Group considers a deep knowledge of global markets to be essential for developing business globally and increasing corporate value.
	Understanding and solving issues on site	The Group provides solutions to issues caused by water at the sites of various customers around the world. At "diverse points of contact with sites," the Group engages seriously with customers' issues, utilizing its "water knowledge" in form of accumulated information and data to create solutions that only the Kurita Group can provide. This is the source of shared value creation with customers and society. This skill category was selected in because the Group considers it important to have a deep understanding of points of contact with customer sites, which is the source of value creation, and a deep experience of solving issues at such points of contact.
	R&D, technology, and engineering	The Group merges technology and expertise acquired in various business domains to create new products, services, and technologies. Furthermore, amid the significant external environmental changes of recent times, the Group has revised its methods of providing products, services, and technology with an emphasis on providing value in customers' business continuity, and is taking steps to improve cost competitiveness and production capacity by reviewing its procurement and production structures. This skill category was selected as the Group considers the strengthening of development, technology, and production to be the foundation for creating and providing solutions.
	DX	The Group aims to achieve DX by using digital technology to change its business processes and transform its business model. This skill category was selected because the Group considers DX to be a priority task for making use of digital tools, AI, and IoT, and utilizing information and data collected from diverse customer sites as "water knowledge ," to create innovative shared value with customer and society.
	Environment	In its CSR policies, the Group has identified "solve issues related to water resources," "realize sustainable energy use," and "reduce waste " as material issues for realizing a sustainable society, and as priority themes for it to address. Moreover, it has defined products, technologies or business models that make significant contributions to water-savings, CO_2 emissions reduction and waste reduction compared with previous levels as "CSV businesses," and is working to create shared value with society through their development and provision to customers. The Group has selected this as a skill category because it views reducing environmental load through its business as its mission.

＜Skills Matrix＞

	Name	Corporate governance and management			Leveraging diversity ▶ Making full use of water knowledge ▶ Creating social value					
		Corporate management Corporate planning	Finance and accounting	Legal and HR management	Human rights	Global	Understanding and solving issues on site	R&D, technology, and engineering	DX	Environment
Director	Michiya Kadota	●	●	○	○	○				○
	Hirohiko Ejiri	●			●	○	●	●	●	○
	Yoshio Yamada	○					●	●		
	Yasuo Suzuki	○			●	●	●	○		●
	Shuji Shirode	○	●			●				●
	Katsuya Amano					●	●			
	Ryoko Sugiyama (External)	●								●
	Keiko Tanaka (External)	○		●	○	●				
	Kenichiro Kamai (External)	●						●	○	
	Masahiro Miyazaki (External)	●				●				
Member of the Audit & Supervisory Board	Kenjiro Kobayashi (External)	●	●			●				
	Yukihiko Mutou	○	●	●	○					
	Toshiaki Tada (External)			●	●	○				

Among the knowledge and experience of each director/member of the Audit & Supervisory Board, those with ○ are fields where they have strength while ● indicates an area where they are especially promising.

<Supplementary Information>

Ratio of independent external directors

40 % (4/10)



Ratio of female directors

20 % (2/10)



Ratio of non-Japanese directors

0 % (0/10)

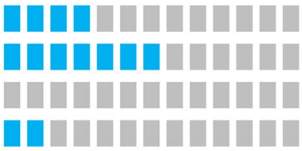


Ratio of persons with management experience at other companies

31 % (4/All 13 directors and members of the Audit & Supervisory Board)

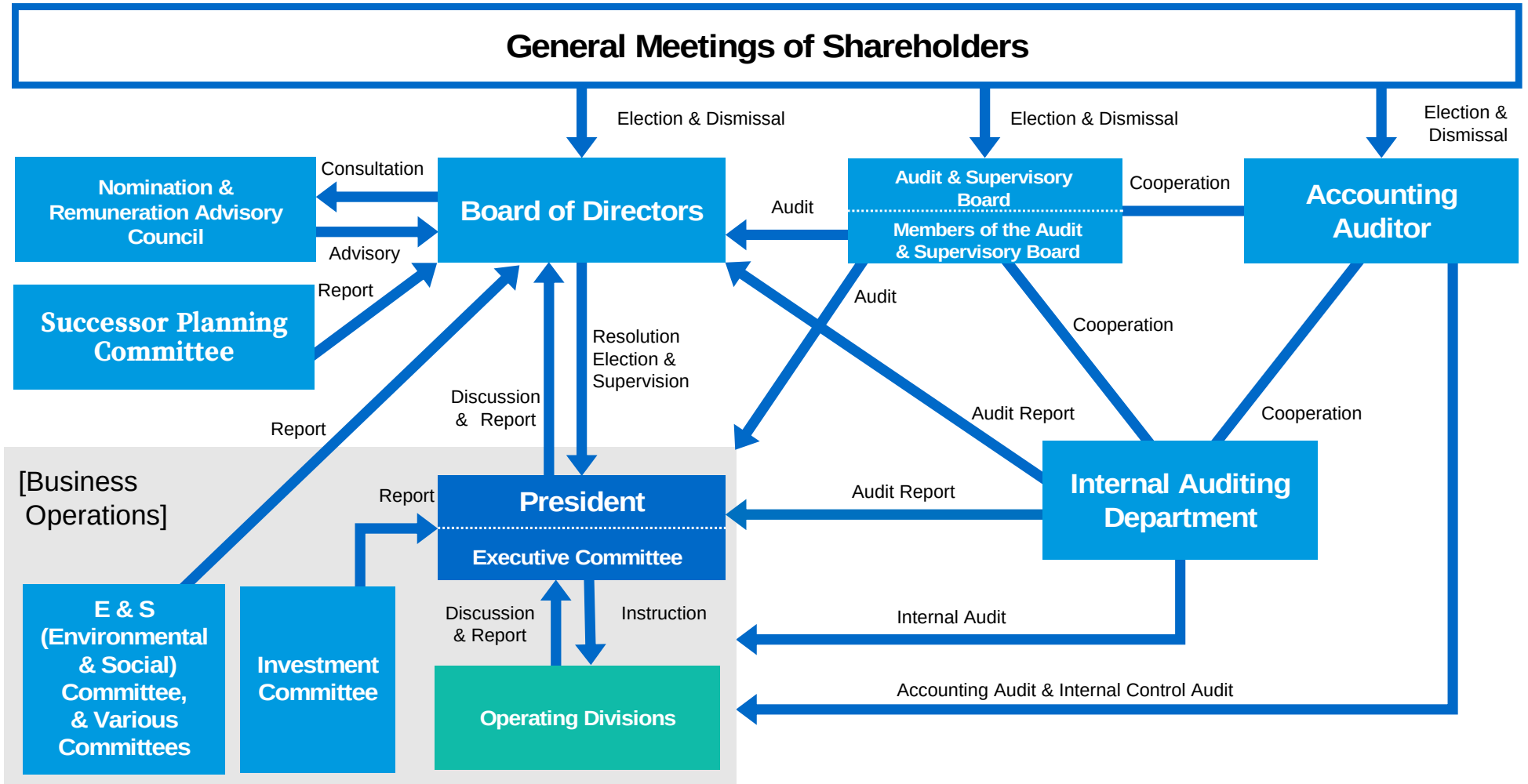


Age distribution (All 13 directors and members of the Audit & Supervisory Board)



Corporate Governance Structure

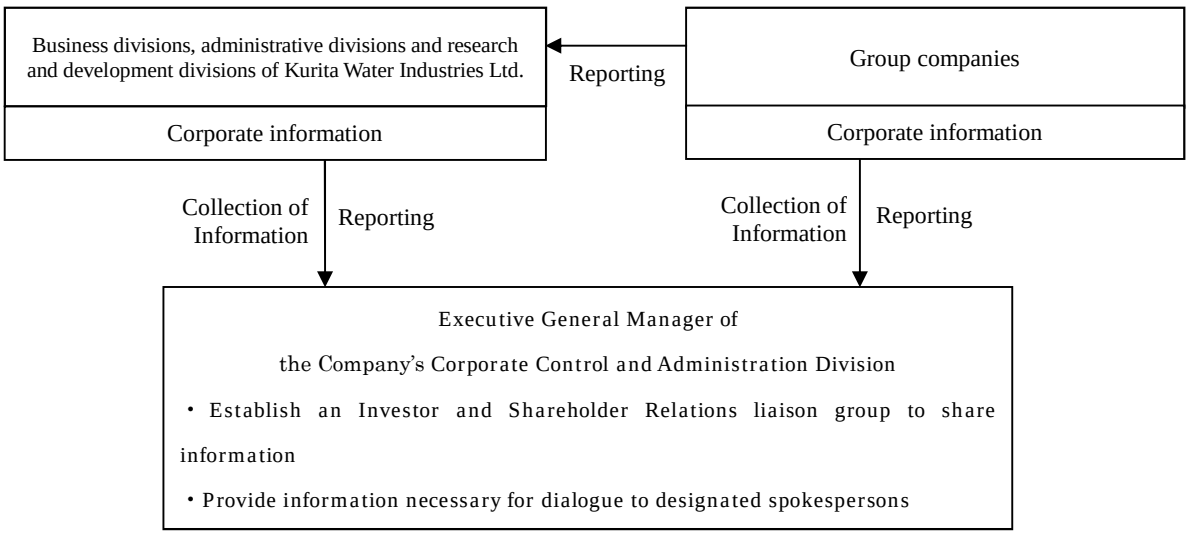
Company with the Audit & Supervisory Board



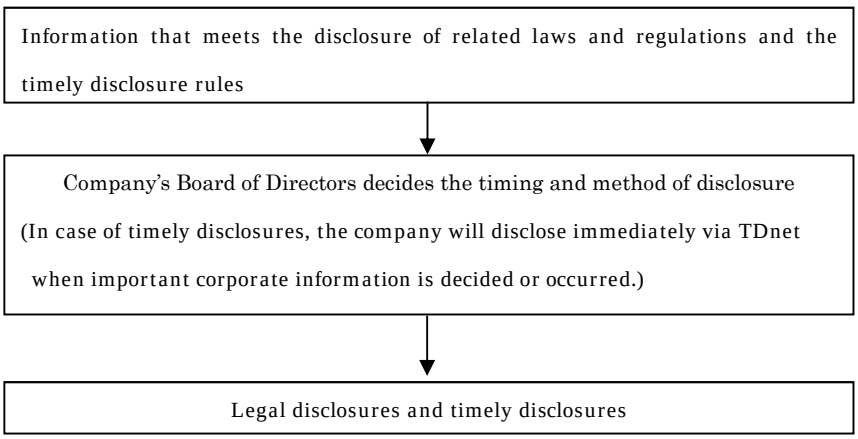
Information disclosure system

Updated

<Information management>



<Legal disclosures and timely disclosures>



<Voluntary disclosures>

